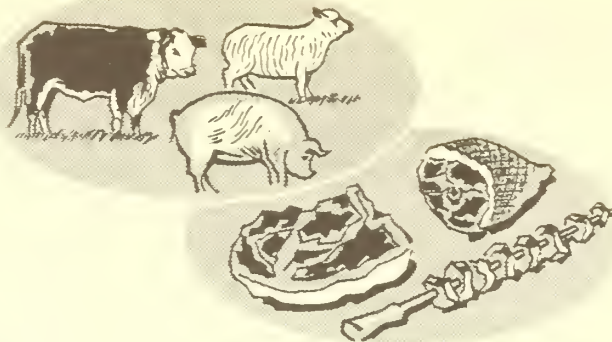


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LIVESTOCK and MEAT SITUATION



MS-138

For Release July 30, P. M.

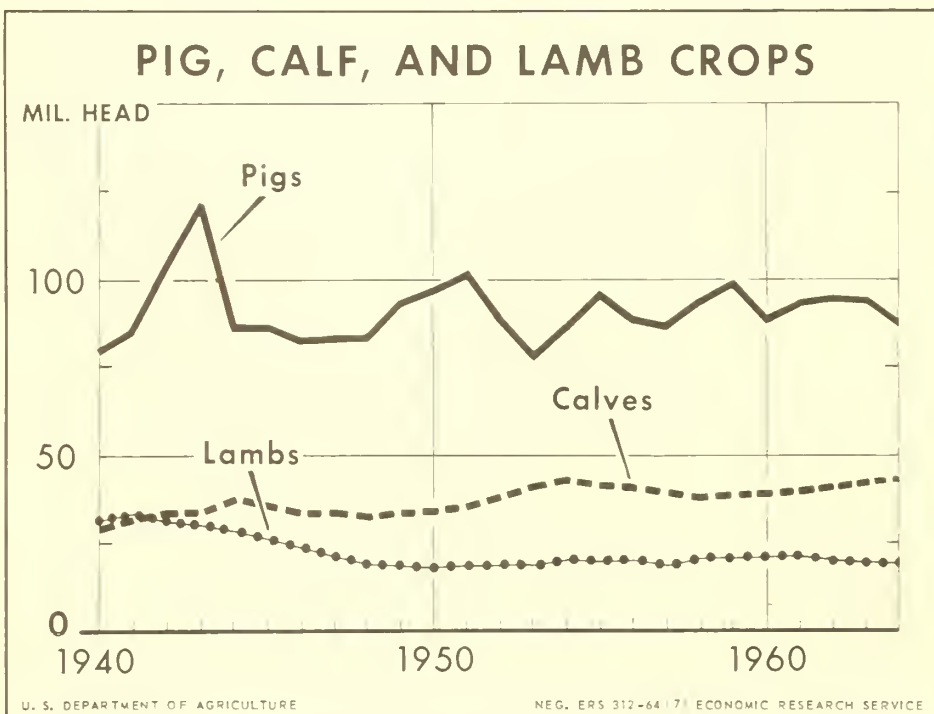
JULY 1964

The number of livestock born in 1964 indicates larger supplies of cattle for 1965 but smaller marketing of hogs and lambs.

The 1964 pig crop has been estimated at about 87 million head, down 7 percent from a year earlier and the smallest since 1957. This will result in reduced hogs slaughter supplies in the second half of 1964 and in the first half of next year.

The calf crop likely will total about 42.6 million head in 1964, up 2 percent from 1963. It has been increasing since 1957. The bulk of this year's calf crop will not show up in slaughter cattle statistics until after mid-1965.

A decline of about 6 percent is expected in the 1964 lamb crop which will be the fourth consecutive year of decline. The smaller lamb crop means lamb slaughter will continue at a reduced rate for the next 6 months to a year.



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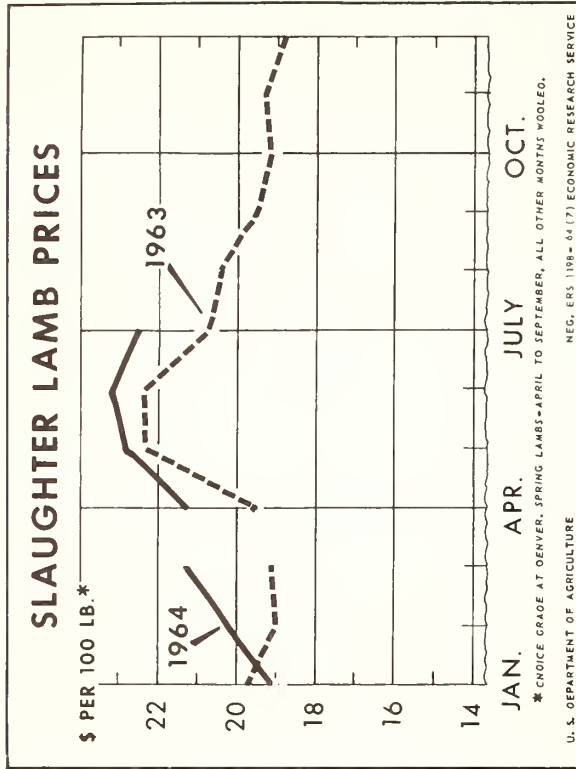
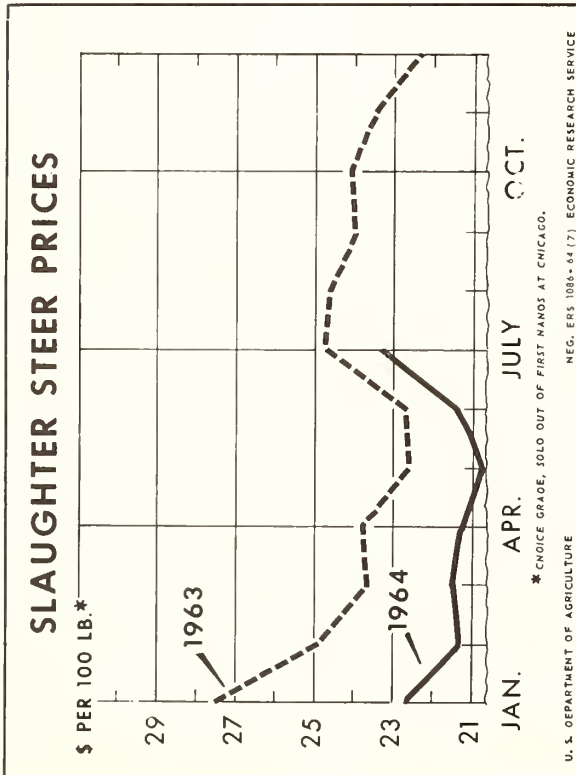
CASH RECEIPTS FROM MEAT ANIMALS

HIDE PRICES AND EXPORTS

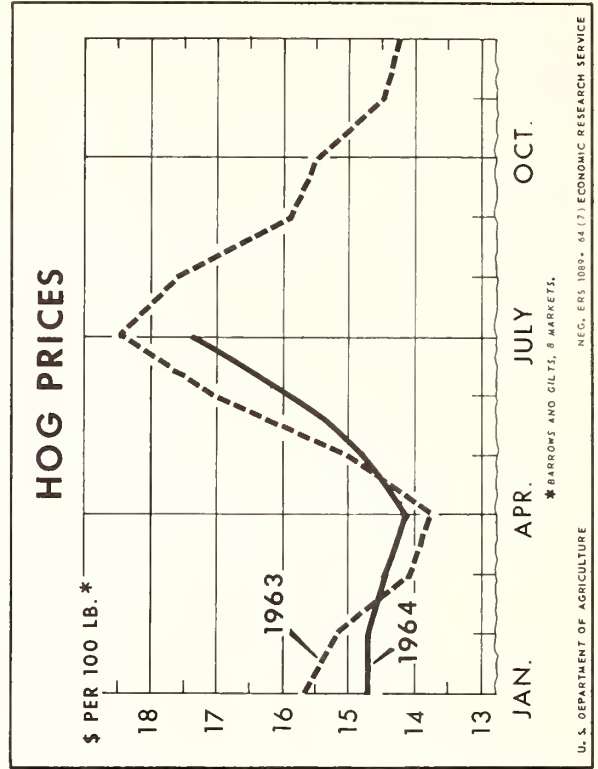
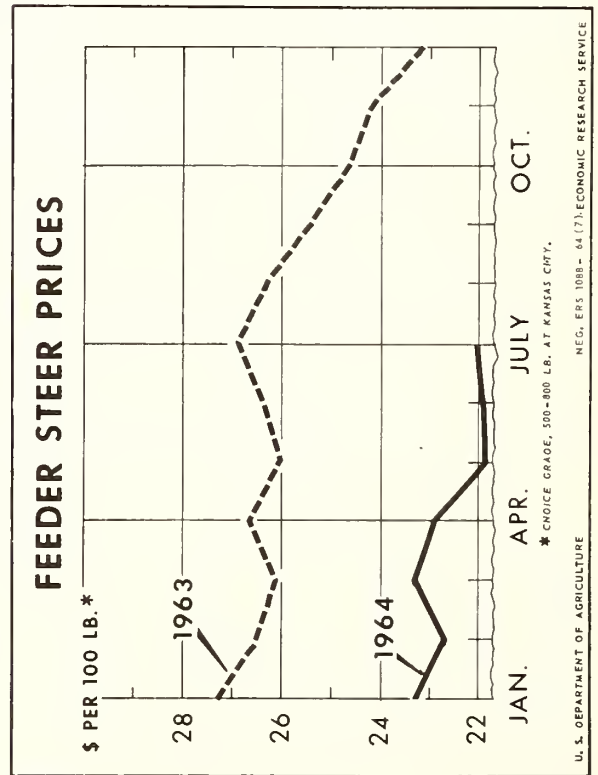
PIG CROPS AND HOG SLAUGHTER

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July is 2-week average.



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 T H E L I V E S T O C K A N D M E A T S I T U A T I O N
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Approved by the Outlook and Situation Board, July 22, 1964

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SUMMARY

Fed cattle prices began going up in mid-June after a long slide. In the week ended July 9, Choice steers at Chicago averaged \$23.33 per hundredweight, up almost \$3.00 from the low levels of a month earlier and about equal to prices last November.

The price rise was due primarily to a change in supplies. Around mid-June weekly slaughter rates under Federal inspection began dropping from the record levels of early June. Fed cattle were being marketed at lighter weights, indicating that the bulk of the heavyweight cattle had been marketed out of feedlots. By July 1, the number of cattle on feed weighing more than 1,100 pounds was down 5 percent from a year earlier. Total numbers on feed at mid-year were down 3 percent. Prices responded to some reduction in slaughter in late June and to further anticipated improvement in the supply situation.

Also influencing the price rise has been the stepped up Government purchases for distribution to schools and the needy. Deliveries under these programs in June amounted to 3 to 4 percent of commercial beef production.

Other developments helping to utilize plentiful beef supplies include industry-government domestic beef promotion programs, an export development program, and sales of beef under Public Law 480 to other countries.

The recent fed cattle price gains likely will hold through the summer months. On July 1 there were only 2 percent more cattle on feed in weight groups that will supply the bulk of the marketings in these months (900 pounds and over). However, a larger percentage of the cattle on feed July 1 likely will be marketed in the third quarter this year than last because during these

months of 1963 cattle feeders were holding cattle to unusually heavy weights. Cattle feeders stated intentions on July 1 to market 6 percent more cattle than in the third quarter of 1963. Even if they market this number, fed cattle marketings in the third quarter will still be considerably below marketings in the second quarter. Prices late this fall and winter will depend largely on how many cattle and calves go into feedlots during the next few months. There continues to be a record number of cattle and calves suitable for feedlot finishing and with the recent improvement in fed cattle prices and some improvement in feeding margins, a larger number than a year ago probably will be placed on feed this summer and fall.

Although 1964 will set a record high for cattle slaughter and beef production, the number of cattle and calves on farms January 1, 1965, will again be larger than a year earlier and a new record. However, the increase will be much smaller than in the past few years.

Slaughter cow prices so far this year have averaged about \$1.50 per hundredweight below prices a year ago. Cow slaughter so far this year has been running well above year-earlier rates, and for the year might be up 10 to 15 percent. On the other hand, beef imports so far this year are down about 18 percent from a year earlier and are expected to be down more than this during the rest of the year.

Hog slaughter in the first half of 1964 was slightly above a year earlier. Prices of barrows and gilts at 8 markets averaged \$15.83 per hundredweight in June, \$1.27 below June 1963. Slaughter rates are expected to fall below those of a year earlier sometime during the summer months and then remain below the rest of the year and in early 1965. The declines will result from the 8 percent decline in pig numbers in the December 1963-May 1964 crop and the expected decrease of 7 percent in the June-November 1964 crop.

The peak price of barrows and gilts this year is expected to be about the same as last year, when it averaged \$18.44 in July (8 markets). But the peak will probably come a little later this year. Prices in late 1964 are expected to be moderately higher than the \$14.72 in the fourth quarter last year.

Slaughter lamb prices so far in 1964 have been up from a year earlier. Choice lamb prices at Denver averaged \$21.56 in the first 6 months of 1964 which was \$1.24 above the same months a year earlier. The average in June was \$23.20, compared with \$22.32 in June 1963. Commercial slaughter of sheep and lambs in the first half of 1964 was down about 4 to 5 percent from a year earlier and second half slaughter is expected to be down similarly. The number of sheep and lambs on farms January 1, 1965, is expected to decline further to a new low. Denver slaughter lamb prices in July-September likely will average a little above the \$20.21 average a year earlier; in October-December they probably will be somewhat above the \$19.11 year-earlier average.

CATTLE

Fed cattle prices dropped off sharply during the first half of 1963 from the pressure of increased marketings of fed cattle and a larger supply

of red meat. About midyear they rose somewhat, but the rise was short-lived and fed cattle prices began declining before the end of the summer. They continued downward last spring (1964) and in May averaged \$20.52 per 100 pounds (Choice steers at Chicago). In late June, prices increased by about \$3.00 and Choice steers averaged \$23.33 for the first full week in July.

Cow prices declined much less than fed cattle prices last year; they have been mostly unaffected by the improvement of fed cattle prices this summer. Feeder cattle prices dropped about \$4.00 per 100 pounds in the second half of 1963. They declined further this spring, but have since risen about a dollar in response to higher fed cattle prices.

Most of the price movement in the past several years was caused by changes in the amount of feedlot fattened beef being produced. However, cattle prices in the next couple of years also will be affected by increasing numbers of grass-fed cattle coming to market.

This is the seventh consecutive year in the buildup phase of the current cattle cycle. However, numbers on farms will increase only about 1.0 to 1.5 percent this year--a lower rate than the 2.6 percent average of the previous 6 years. During the early stages of the upswing, prices of all classes of cattle were high and both stockmen and cattle feeders had good opportunities for profits from their enterprises.

The slowing of the buildup is a critical phase. At this point the beef supply outstrips demand and prices are unfavorable to producers. Renewed price strength returns only after cattlemen adjust inventories to better align them with consumer demand. Any such adjustment is painful to producers since it generally means unfavorable prices until the adjustment is well underway.

Fed Cattle Prices Up

Fed cattle prices rose sharply this June after trending lower since late 1962. Heavyweight fed cattle showed the most gain and currently these animals are commanding a price premium. This is the opposite of what had prevailed for the last year and a half, when the supply of extremely heavy fed cattle was often burdensome and these animals were discounted in price. Choice 900-1,100 pound animals at Chicago brought \$22.92 in early July while those in the 1,100-1,300 pound class brought \$23.38.

Fed cattle prices have risen for several reasons: (1) Weekly slaughter under Federal inspection dropped a little from the alltime peak rate of 520,000 head in mid-June and in early July was averaging about 5-10 percent below rates a month earlier. However, it is still running considerably above the same weeks a year earlier. (2) USDA has been purchasing Choice grade beef under 2 programs instituted earlier this year to provide beef for the National School Lunch program and needy families. Deliveries under these programs have been averaging 3 to 4 percent of commercial cattle slaughter in recent weeks.

Table 1.--Price of Choice grade slaughter steers at Chicago and of all stocker and feeder steers at Kansas City, and 7 months lagged margin, by months, January 1962 to date

Year and month	Price per 100 pounds		Margin between slaughter steers and stockers and feeders 7 months previous <u>2</u> /
	Choice grade slaughter steers, Chicago	Stocker and feeder steers Kansas City <u>1</u> /	
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
1962			
January	26.39	22.80	4.58
February	26.76	23.16	5.06
March	27.31	24.56	4.37
April	27.45	25.11	4.84
May	26.02	24.18	3.05
June	25.25	23.23	2.22
July	26.50	23.75	3.44
August	28.19	23.91	5.39
September	29.85	25.21	6.66
October	29.50	25.38	4.94
November	30.13	25.79	5.02
December	28.91	25.18	4.73
1963			
January	27.27	24.53	4.04
February	24.93	23.89	1.18
March	23.63	23.45	-.28
April	23.77	24.12	-1.44
May	22.61	23.50	-2.77
June	22.69	22.74	-3.10
July	24.72	23.19	-.46
August	24.60	23.67	.07
September	23.94	22.71	.05
October	24.03	22.38	.58
November	23.51	21.53	-.61
December	22.30	20.06	-1.20
1964			
January	22.61	21.17	-.13
February	21.34	21.57	-1.85
March	21.56	21.42	-2.11
April	21.28	20.91	-1.43
May	20.52	19.24	-1.86
June	21.57	18.92	.04
July			
August			

1/ Average for all weights and grades. 2/ Margin between prices of Choice grade slaughter steers at Chicago for current month shown and of stocker and feeder steers at Kansas City 7 months previously.

Market price data compiled from Market News, Livestock Division, AMS.

Table 2.--Annual calf crop, 1953-64

Year	Cows and heifers 2 years and older on farms January 1	Calves born	
		Ratio to number of cows and heifers on farms January 1 <u>1/</u>	Number
	<u>1,000 head</u>		<u>1,000 head</u>
1953	46,840	88	41,261
1954	48,946	87	42,601
1955	49,121	86	42,112
1956	48,283	86	41,376
1957	46,859	85	39,905
1958	45,430	86	38,860
1959	45,244	86	38,938
1960	45,871	86	39,353
1961 <u>2/</u>	46,463	86	40,019
1962	47,472	86	41,026
1963	48,649	86	41,811
1964	49,852	86	42,633

1/ Not strictly a calving rate.2/ Beginning 1961, 50-State total.

The removal of such large quantities of beef from commercial channels helps bolster prices. (3) Average live weights per animal for all kinds of cattle slaughtered under Federal inspection, 15-25 pounds heavier than a year earlier in the first quarter, dropped below a year earlier in May. The decline in weights has been somewhat seasonal and was brought about in part by increased slaughter of grass-fed steers and heifers. Average live weights of high-quality cattle have also come down. Choice steers sold out of first hands for slaughter at 7 markets went from an average of 26 pounds above a year earlier in January to 15 pounds below in June. The drop in live weights of fed cattle indicated that cattle feeders were clearing their feedlots of extremely heavy cattle this spring. Cattle in feedlots weighing over 1,100 pounds on July 1 were down 5 percent from the same date a year earlier. (4) An export development program was instituted to increase U. S. sales of beef and live cattle to foreign countries. (5) An industry-government program was initiated to promote consumption of the plentiful beef supply.

Marketings of Fed Cattle to Continue Above 1963 Levels

On July 1 there were 6.7 million cattle and calves on feed for slaughter in 28 major cattle feeding States. This was 3 percent below the same date a year earlier and 19 percent below the number on feed 3 months earlier. The number of cattle weighing 900 pounds and over was up 2 percent while those in

Table 3.--Selected prices per 100 pounds of cattle,
by months, 1963 and 1964

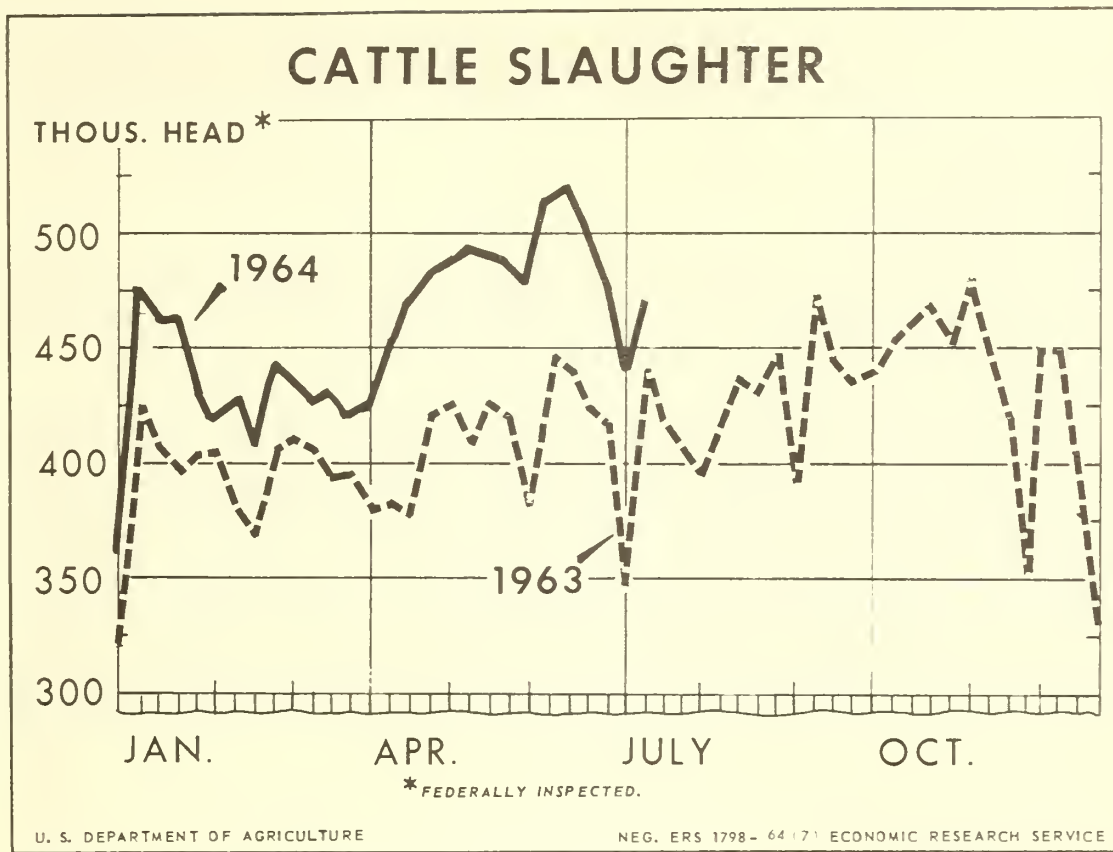
Month	Chicago				Kansas City			
	Choice steers		Utility cows		Good feeder steers 500-800 lb.		Choice feeder steer calves	
	1963	1964	1963	1964	1963	1964	1963	1964
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
January	27.27	22.61	15.07	13.19	25.14	21.32	29.50	26.01
February	24.93	21.34	15.00	13.51	24.42	20.76	29.68	26.16
March	23.63	21.56	15.52	14.58	24.00	20.92	29.18	26.64
April	23.77	21.28	15.74	14.84	24.18	19.82	29.48	25.29
May	22.61	20.52	16.31	14.53	23.74	19.41	28.96	24.17
June	22.69	21.57	16.26	14.39	24.18	19.87	29.21	24.02
July	24.72	<u>1/23.34</u>	15.33	<u>2/14.00</u>	24.77	<u>2/19.55</u>	29.42	<u>2/23.67</u>
August	24.60		15.65		24.15		28.66	
September	23.94		15.10		23.56		27.91	
October	24.03		14.64		22.84		27.04	
November	23.51		13.82		22.41		26.78	
December	22.30		12.71		21.14		25.74	
Average	23.96		15.10		23.71		28.46	

1/ 2-week average. 2/ 3-week average.

weight groups weighing less than 900 pounds were off 5 percent. This is in contrast to 3 months earlier when there was 8 percent more heavyweight cattle on feed than on April 1, 1963.

Marketings of fed cattle in the second quarter were up 11 percent from April-June 1963. Placements of cattle and calves on feed were 3 percent larger than in the same months a year earlier. This indicated a drop in the enthusiasm of cattle feeders to bid for feeder cattle this spring. First quarter placements were up 20 percent.

Marketings of fed cattle in the third quarter likely will be a little above a year earlier even though the inventory in feedlots was down on July 1. However, fed cattle marketings in the third quarter will be 5-10 percent below the second quarter level. Last year, the number of cattle marketed out of feedlots from 28 major feeding States in the third quarter was equal to only about 55 percent of the beginning July 1 inventory. This was somewhat lower than in other recent years, when it was just under 60 percent. This July-September, a higher percentage of cattle than last year probably will be marketed out of feedlots because cattle feeders have reduced the supply of heavyweight cattle and there is little likelihood that fed cattle will be held back and marketed at very heavy weights later on.



The volume of fed cattle marketings this fall will depend to a sizable extent upon the number of cattle placed on feed this summer. An abundant supply of cattle suitable for feedlot finishing is available and cattle feeders have excess lot capacity. The recent price strength will also encourage cattle feeders to place a large number of animals on feed this summer. However, even an 800 pound feeder steer placed on feed in July will not reach marketable weight and desired finish until well into the fall months. And it appears that lighter weight feeder cattle have commanded more interest since the recent price rise. Therefore, marketings of fed cattle may be up only modestly from a year earlier through the summer months but the increase may be greater later in the year.

Fed Cattle Price Strength To Carry Through The Summer

The strength in fed cattle prices since mid-June likely will be carried through the summer months and then slide off this fall or winter. However, prices probably will average below a year earlier, when Choice steers at Chicago averaged \$24.42 in July-September and \$23.28 in October-December.

Slaughter of cows and other grass-fed cattle in the second half is expected to be larger than in July-December 1963. This will add to the total supply of beef available for consumption, which likely will average higher than a

year earlier. Thus, the larger supply will tend to dampen the price strength for fed cattle. But decreased hog slaughter, reduced imports of beef and higher consumer incomes will be factors tending to strengthen price in the second half of this year.

Fed Cattle Prices
Higher on West Coast

Fed cattle prices at West Coast markets rose only about half as much as prices in the Corn Belt in the fall of 1962, but then followed Corn Belt prices closely during 1963 with only small occasional differences developing.

Dressed meat prices at Los Angeles for 600-700 pound Choice beef carcasses (less than carlot prices) held steady at around \$39.00 per 100 pounds during last winter, while similar carcasses at Chicago dropped off to \$37.75. Thus, the price margin between the 2 markets widened to about \$1.39 in early spring and has been maintained since. Whenever prices on the West Coast are more than about \$1.50 above prices at Midwest markets, beef moves West in sizable volume. Feedlots supplying the California market area have not been burdened with large supplies of heavyweight fed cattle since early in the year. Marketings of fed cattle in California and Arizona were up 1 percent in the first quarter and then down 1 percent in the second quarter from a year earlier while the Corn Belt States were up 15 and 16 percent in the first and second quarters.

Average Live Weights of
Fed Cattle Lower

The number of cattle marketed out of feedlots rose sharply in early 1963 and has continued large since. The resulting increase in fed beef production brought about a corresponding decrease in fed cattle prices. Cattle feeders were reluctant to sell on a declining market and, therefore, put additional weight on animals already at marketable weights while they attempted to wait out the market. This added materially to the supply of beef and further depressed cattle prices.

As recent experience shows, there are both advantages and disadvantages to holding cattle to weights over 1,200 or 1,300 pounds. Heavyweight cattle were discounted in price during 1963 and early 1964. Thus, not only was it more expensive per pound of gain to carry animals to heavy weights but also the average price per pound received on the entire animal was less than if it had been sold at lighter weights. This is of special significance now, because in not too many months ahead, fed cattle likely will again show some price weakness. If cattle feeders repeat the process of holding onto finished cattle, additional downward pressure on sliding prices will again result.

Selling cattle on a declining market is never an easy decision. However, cattle feeders will be better off over the long term if they market their cattle when they reach the desired grade than if they wait out the market hoping for a price rise to develop. It is also important that the cattle industry during the coming year use up the calf crop quickly and produce beef as efficiently as possible. One way of doing this is to market fed cattle at light weights.

Table 4.--Average liveweight of steers sold out of first hands
at 7 markets, by months, 1961 to date

PRIME

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.
1961	1,236	1,234	1,262	1,260	1,256	1,251	1,238	1,237	1,220	1,241	1,232	1,238	1,241
Change from 1960	-6	-6	-1	+13	+3	+11	-1	0	-24	+5	+6	+4	+1
1962	1,231	1,235	1,236	1,242	1,244	1,244	1,233	1,238	1,242	1,228	1,227	1,231	1,235
Change from 1961	-5	+1	-26	-18	-12	-7	-5	+1	+22	-13	-5	-7	-6
1963	1,230	1,249	1,238	1,269	1,250	1,257	1,273	1,253	1,261	1,238	1,249	1,234	1,250
Change from 1962	-1	+14	+2	+27	+6	+13	+40	+15	+19	+10	+22	+3	+15
1964	1,231	1,218	1,266	1,270	1,263	1,273							
Change from 1963	+1	-31	+28	+1	+13	+16							

CHOICE

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.
1961	1,173	1,178	1,185	1,183	1,186	1,178	1,175	1,173	1,154	1,151	1,146	1,155	1,170
Change from 1960	-5	-1	-2	+7	+13	+9	+7	+10	-2	0	-9	-6	+3
1962	1,157	1,157	1,156	1,159	1,161	1,155	1,134	1,112	1,102	1,108	1,123	1,142	1,139
Change from 1961	-16	-21	-29	-24	-25	-23	-41	-61	-52	-43	-23	-13	-31
1963	1,156	1,166	1,170	1,171	1,174	1,182	1,175	1,158	1,157	1,152	1,158	1,163	1,165
Change from 1962	-1	+9	+14	+12	+13	+27	+41	+46	+55	+44	+35	+21	+26
1964	1,182	1,187	1,193	1,184	1,172	1,167							
Change from 1963	+26	+21	+23	+13	-2	-15							

GOOD

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.
1961	1,135	1,115	1,108	1,099	1,098	1,106	1,091	1,064	1,065	1,073	1,084	1,095	1,097
Change from 1960	+5	-2	+15	+18	+16	+34	+27	+3	0	+2	-18	-18	+9
1962	1,095	1,088	1,068	1,071	1,072	1,066	1,034	1,024	1,022	1,042	1,073	1,097	1,065
Change from 1961	-40	-27	-40	-28	-26	-40	-57	-40	-43	-31	-11	+2	-32
1963	1,110	1,104	1,097	1,094	1,093	1,097	1,078	1,067	1,058	1,067	1,085	1,106	1,090
Change from 1962	+15	+16	+29	+23	+21	+31	+44	+43	+36	+25	+12	+9	+25
1964	1,129	1,124	1,119	1,096	1,080	1,062							
Change from 1963	+19	+20	+22	+2	-13	-35							

ALL GRADES

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.
1961	1,153	1,146	1,147	1,140	1,142	1,147	1,144	1,135	1,123	1,127	1,126	1,131	1,139
Change from 1960	-1	-1	+17	+20	+18	+24	+23	+16	+1	+5	-9	-9	+9
1962	1,127	1,122	1,110	1,114	1,120	1,119	1,098	1,080	1,075	1,084	1,105	1,125	1,108
Change from 1961	-26	-24	-37	-26	-22	-28	-46	-55	-48	-43	-21	-6	-31
1963	1,135	1,141	1,139	1,142	1,146	1,157	1,147	1,133	1,132	1,132	1,139	1,148	1,141
Change from 1962	+8	+19	+29	+28	+26	+38	+49	+53	+57	+48	+34	+23	+33
1964	1,166	1,168	1,170	1,152	1,140	1,134							
Change from 1963	+31	+27	+31	+10	-6	-23							

Feeder Cattle Prices

Prices of feeder cattle have risen only about \$1.00 per 100 pounds live weight this summer while fed cattle rose about \$3.00. This reflects the sluggish demand by feedlot operators for replacement cattle and the number of feeder cattle available.

Grass-fed steer and heifer slaughter has been up considerably from a year earlier since spring. Packers have been able to compete more effectively with feedlot operators for these animals. This probably prevented feeder cattle prices from falling even further earlier this spring.

The supply of feeder cattle, large at the beginning of the year, is still large. A 5 percent larger supply of calves was on hand January 1 than a year earlier, and calf slaughter has been running at about the same level as in 1963. Also, many cattle that went on feed in the first quarter were heavyweight feeder cattle. Therefore, midyear supplies of young feeder cattle suitable for feedlot finishing are above those of any previous year.

The supply of feeder heifers may not be any larger than a year earlier because many were bred this spring and will move into cow herds instead of into feedlots. The number of heifers on feed was down from the same date a year earlier on January 1, and April 1, but was the same as a year earlier on July 1.

A pickup in placements of cattle on feed is likely this summer and fall as grass conditions decline seasonally. If feeders market their stated intentions of 6 percent more fed cattle this summer than in 1963 as they intended on July 1, placements in July-September would have to be 12 percent above a year earlier to bring the number of animals on feed up to the October 1, 1963, level of 8.2 million head in 28 major feeding States.

Imports of live feeder cattle, primarily from Canada and Mexico, totaled 274,000 head in January-May. This was 209,000 head below the same months a year earlier. Live cattle imports during the summer likely will remain below 1963 rates and, therefore, will not add materially to the supply of feeder cattle in these months. Moreover, a few feeder cattle have been exported to Europe recently.

Feeder cattle prices averaged \$22.01 in the second quarter (550-800 pound Choice feeder steers at Kansas City). Although cattle feeders will likely be more active buyers this summer and fall, prices of feeder cattle are expected to average well below prices in the third and fourth quarters last year, when feeder steers at Kansas City averaged \$26.19 and \$23.99, respectively.

Cow Slaughter
Up in 1964

Cow slaughter has been running well above year-earlier rates so far this year (also above rates in other recent years). And it is expected to stay above for the rest of 1964. Total cow slaughter this year could be up 10 to 15 percent above 1963.

Table 5.--Number of cattle and calves slaughtered under Federal inspection by class, United States, by months, 1963 to date

Month	Steers		Heifers		Cows		Calves	
	1963	1964	1963	1964	1963	1964	1963	1964
	head	head	head	head	head	head	head	head
January	1,021	1,147	382	427	373	421	431	412
February	891	1,023	351	364	302	308	361	342
March	995	1,128	393	409	291	323	410	400
April	1,049	1,241	378	428	283	354	373	379
May	1,155	1,327	401	379	300	341	330	321
June	1,083		354		298		282	
July	1,079		395		345		341	
August	1,106		418		359		366	
September	1,039		411		364		395	
October	1,138		498		437		462	
November	948		407		421		385	
December	992		418		381		400	
Total 1/	12,496		4,807		4,157		4,535	

1/ Computed from unrounded totals.

Compiled from Market News, Livestock Division, AMS.

However, this does not mean the beef cow herd will decline this year. There probably is a large number of beef heifers going into cow herds to partly offset the increase in cow slaughter. Western trade journals have reported that feeder heifers were not as easy to buy this spring as last year and that quite a few heifers were bred when demand for feeder cattle was low.

Price relationships are such that cow-calf operators now can add heifers and cull older cows with less loss to income. Stocker and feeder heifer prices (500-700 pounds at Kansas City) have declined this year; in April-June they averaged about \$6.00 above cow prices (Utility cows at Kansas City). In 1962, cow prices averaged \$8.92 below feeder heifer prices. Therefore, it would cost a rancher between \$3.00 and \$4.00 less per 100 pounds live weight to add young heifers to the breeding herd this year.

Replacing old cows with heifers takes some pressure off the available range feed, since heifers do not consume as much feed as old cows. This factor is important in the Southwest this year where range conditions are below average.

Adding heifers tends to lower the average age of the cow herd. This, in turn, sets the stage for an increase in the percentage of cows calving in a couple of years, since more cows would be at their optimum age for producing hardy calves.

Cow slaughter likely will stay at a higher rate throughout 1964 because of restricted feed supplies in some parts of the Southwest. Also because cattle numbers and beef production are at record levels, prospects for calf prices are not as bright as they have been in recent years.

Cow prices have remained fairly steady since 1959 despite wide swings in fed cattle prices during this period. Last year, Utility cow prices at Chicago fell off only 40 cents from the \$15.50 average in 1962. Choice steers dropped \$3.71 during the same period. Cow prices recovered this spring from the seasonal low of \$12.71 in December 1963 and averaged \$14.59 in April-June.

Cow prices during the second half of this year likely will average somewhat below the same months of 1963, when they averaged about \$14.50, reflecting the increase in cow slaughter and large stocks of beef in cold storage.

Imports of beef and veal during the first 5 months this year were down 18 percent from the same months a year earlier. Imports are expected to be off more than this in the second half of 1964. This will compensate to a considerable extent for higher rates of cow slaughter this summer and fall and will lend support to cow prices.

HOGS

1964 Pig Crops Down

The December 1963-May 1964 pig crop of 46,479,000 head was down 8 percent from the 1963 spring pig crop and was the smallest since 1938. This year's pig crop was down less from a year earlier in the 10 States of the Corn Belt than in other States. The decline in the Corn Belt was 7 percent. The June-November 1964 pig crop, based on breeding intentions reports, is estimated at 40,500,000 head, 7 percent below the 1963 fall crop and smallest since 1957. Total pig crop for the year ending November 1964, estimated at 86,979,000 head, will be smallest yearly total since 1954. Moreover, the estimated number of pigs that will be saved from the 1964 crops is smaller in relation to the size of the human population than in any year since 1935.

First Half 1964 Hog Slaughter at High Level

The summer of 1963 marked the end of a 2-year buildup in the number of pigs saved from both the December-May and the June-November crops. The June-November 1963 crop of 43,621,000 head was down 2 percent from a year earlier. Pigs born in this period provided most of the slaughter supplies early this

Table 6.--Number of sows farrowing, pigs saved and pigs saved per litter, spring and fall pig crops, by regions, 1959 to date

DECEMBER-MAY

Year	North Atlantic	North Central		South Atlantic	South Central	Western	United States
		East	West				
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
Sows farrowing:							
1959	110	2,335	3,881	659	843	168	7,996
1960	110	2,095	3,174	549	722	140	6,790
1961	102	2,146	3,427	512	701	141	7,029
1962	98	2,148	3,421	511	689	151	7,018
1963	97	2,171	3,460	502	651	159	7,040
1964 1/	82	2,009	3,188	455	551	143	6,428
Pigs saved:							
1959	764	16,593	27,759	4,554	5,783	1,167	56,620
1960	757	14,640	22,401	3,742	4,787	955	47,282
1961	698	15,451	24,876	3,576	4,829	1,011	50,441
1962	683	15,170	24,334	3,625	4,807	1,073	49,692
1963	669	15,466	24,991	3,560	4,495	1,123	50,304
1964 1/	560	14,471	23,236	3,272	3,875	1,024	46,438
Pigs saved per litter:	Number	Number	Number	Number	Number	Number	Number
1959	6.92	7.11	7.15	6.91	6.86	6.94	7.08
1960	6.86	7.00	7.06	6.82	6.63	6.82	6.96
1961	6.86	7.20	7.26	6.98	6.89	7.12	7.18
1962	6.98	7.06	7.11	7.08	6.98	7.11	7.08
1963	6.90	7.12	7.22	7.10	6.90	7.13	7.15
1964 1/	6.83	7.20	7.27	7.19	7.03	7.16	7.22

JUNE-NOVEMBER

	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
Sows farrowing:							
1959	103	2,028	2,553	530	768	146	6,128
1960	94	1,945	2,499	474	704	139	5,855
1961	87	1,992	2,589	464	687	134	5,953
1962	89	2,077	2,709	475	682	133	6,165
1963	83	2,055	2,676	447	634	135	6,030
1964 1/	76	1,885	2,565	420	546	131	5,623
Pigs saved:							
1959	715	14,306	17,845	3,649	5,245	1,015	42,775
1960	648	13,854	17,482	3,286	4,857	978	41,105
1961	606	14,442	18,510	3,275	4,818	943	42,594
1962	626	15,169	19,570	3,382	4,852	945	44,544
1963	594	14,981	19,329	3,221	4,542	954	43,621
1964							2/ 40,500
Pigs saved per litter:	Number	Number	Number	Number	Number	Number	Number
1959	6.90	7.05	6.99	6.89	6.83	7.02	6.98
1960	6.86	7.12	7.00	6.94	6.90	7.03	7.02
1961	6.97	7.25	7.15	7.05	7.01	7.06	7.16
1962	7.09	7.30	7.22	7.12	7.11	7.16	7.23
1963	7.20	7.29	7.22	7.19	7.16	7.10	7.23
1964							2/ 7.23

1/ Preliminary. 2/ Number indicated to farrow from intentions as of June 1, 1964. Average number of pigs per litter with allowance for trend used to calculate indicated number of pigs saved.

year. But despite the reduced June-November 1963 pig crop, slaughter in the first half of 1964 was a little above a year earlier. Almost 1 percent more hogs were slaughtered and pork production was up almost 2 percent. Commercial slaughter and pork production each month through April was larger than a year earlier. In May, the number of hogs slaughtered fell below a year earlier by 8 percent; based on weekly data adjusted for number of slaughtering days, hog slaughter in June was slightly below the same weeks last June. The slaughter rate in the first week of July was up 9 percent but down 10 percent in the second week. Slaughter is expected to drop below a year earlier this summer and remain below for the rest of the year.

Hogs slaughtered so far this year have been heavier than a year earlier. Live weight of hogs slaughtered under Federal inspection through May averaged 241.6 pounds, up 2.7 pounds. The increase over a year earlier was 1.3 pounds in January and 1.9 pounds in February but rose sharply to 3.1 pounds in March, 3.6 pounds in April, and 3.4 pounds in May. Weekly data indicate that live weights in June were up more than 5 pounds and are up 2 to 4 pounds in July. Weights of sows as well as weights of barrows and gilts were up (8 markets). Lard yield per animal was slightly above a year earlier each month except January.

Hog Prices Below Year Ago

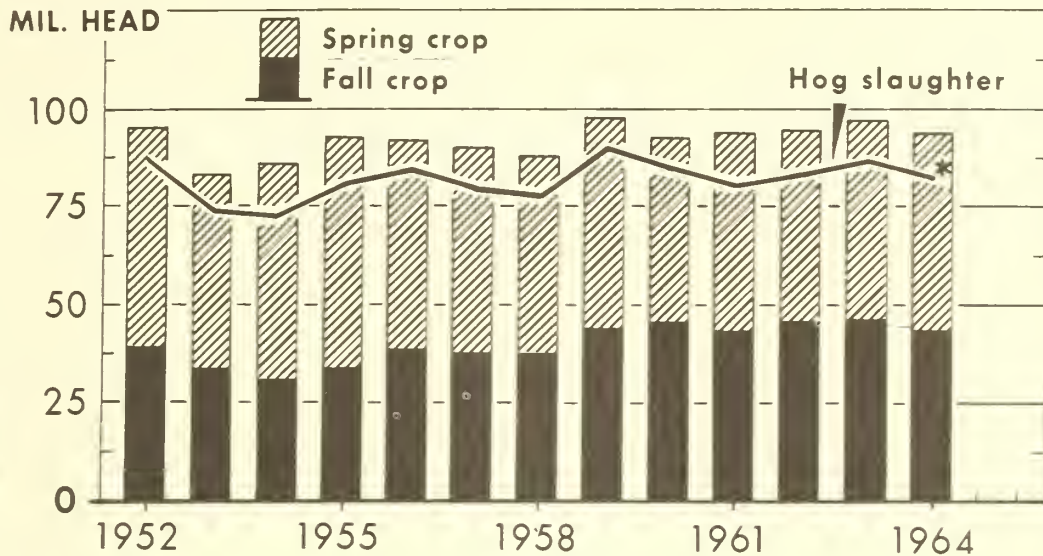
Barrows and gilts at 8 markets brought an average of \$15.83 per hundred-weight in June. This was \$1.27 below a year earlier but \$1.67 above the low of \$14.16 reached in April. The difference from a year earlier narrowed, however, in the first 2 weeks of July. In the week ended July 4, barrows and gilts averaged \$17.54 at 8 markets, 66 cents less than a year earlier, and \$17.27 in the week ended July 11, 78 cents under a year earlier.

Last year the monthly average price of barrows and gilts at 8 markets was highest \$18.44 in July. The peak price this year will be later and is not expected to be much different than a year earlier.

Cold Storage Holdings Aided First Half Prices, May Dampen Second Half Prices

Hog prices have been held down so far this year by hog slaughter supplies equal to or larger than a year ago and larger beef supplies. On the other hand, considerably larger quantities of pork were placed in cold storage this year, thus avoiding even greater pressure on prices. Cold storage holdings of pork have been larger than the same months a year earlier since December 1961. The increases in 1964 over a year earlier have been considerably larger each month through July. The large holdings of pork in cold storage will tend to dampen prices when stocks of pork move into consumption in the second half of 1964. July 1 stocks totaled 411 million pounds and were largest for the month since 1953.

PIG CROPS AND HOG SLAUGHTER



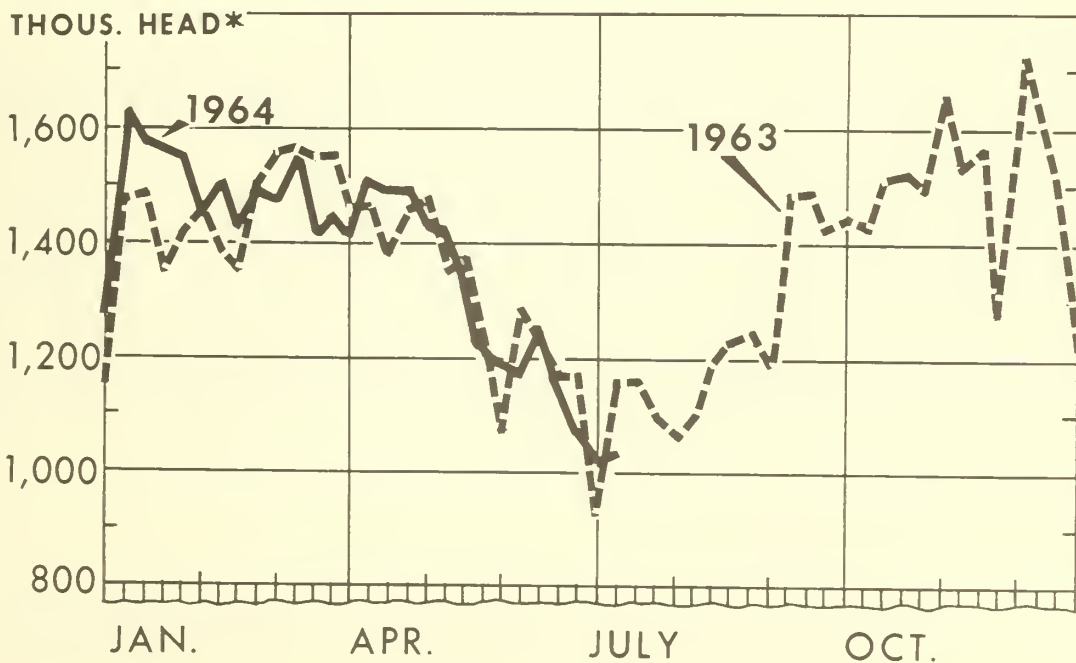
PRECEDING FALL CROP AND SPRING CROP.

*FORECAST.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 481-64 (7) ECONOMIC RESEARCH SERVICE

HOG SLAUGHTER



* FEDERALLY INSPECTED.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1797-64 (7) ECONOMIC RESEARCH SERVICE

Table 7.--Hogs and corn: Prices received by farmers and hog-corn price ratio, United States, by months, 1962 to date

Month	Hogs, per 100 lb.			Corn, per bushel			Hog-corn price ratio		
	1962	1963	1964	1962	1963	1964	1962	1963	1964
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.			
January	16.50	15.40	14.40	.951	1.03	1.09	17.4	15.0	13.2
February	16.30	14.80	14.30	.956	1.06	1.08	17.1	14.0	13.2
March	15.90	13.80	14.10	.968	1.06	1.11	16.4	13.0	12.7
April	15.40	13.50	14.00	.988	1.08	1.14	15.7	12.5	12.3
May	15.20	14.40	14.30	1.03	1.10	1.16	14.8	13.1	12.3
June	15.90	16.10	14.90	1.03	1.16	1.16	15.4	13.9	12.8
July	17.00	17.10		1.04	1.19		16.3	14.4	
August	17.50	16.70		1.02	1.19		17.2	14.0	
September	18.10	15.50		1.04	1.21		17.4	12.8	
October	16.60	15.20		1.02	1.08		16.3	14.1	
November	16.20	14.20		.938	1.02		17.3	13.9	
December	15.70	13.60		1.00	1.07		15.7	12.7	
Average 1/	16.40	15.00		.998	1.10		16.4	13.6	

1/ Simple average.

Sow Slaughter Declining

Sow slaughter under Federal inspection was larger than in the same months a year earlier from July 1963 through April this year. This indicated that producers did not expect favorable hog prices and the result was a reduced pig crop in December 1963-May 1964 and a decline in the number of sows intended to farrow in June-November 1964. Some producers apparently now have changed their views on hog prices in late 1964 and early 1965 and have begun to reverse this trend by retaining more sows for breeding. For many months sows generally accounted for a larger percentage of total packer and shipper purchases at 8 markets than a year earlier, but this trend was reversed in the second week of June. In each week since, the percentage of sows bought has been smaller than a year earlier. In the weeks ended July 4 and July 11, sows made up 17 and 18 percent of the total compared with 20 percent a year earlier. This situation likely will continue this summer as producers begin to take steps to increase production next year.

Slaughter to Decline, Prices to be Higher During Late Summer and Fall

On June 1 heavy hogs accounted for a larger part of the total number on farms in the 10 Corn Belt States than a year earlier. However, the larger number of heavy hogs now in the Corn Belt likely is not typical of the country

Table 8.--Distribution of farrowings by quarters,
selected regions, 1961-64

Year and region	Percentage of farrowings occurring in:					
	December-	March-	June-	September-	Spring	Fall
	February	May	August	November	Crop	Crop
	Percent	Percent	Percent	Percent	Percent	Percent
1961						
10 States <u>1</u> /	17.8	37.0	23.3	21.9	54.8	45.2
38 States	24.6	27.1	25.9	22.4	51.7	48.3
United States	19.5	34.6	23.9	22.0	54.1	45.9
1962						
10 States <u>1</u> /	18.2	35.6	23.6	22.6	53.8	46.2
38 States	24.3	27.1	25.9	22.8	51.4	48.7
United States	19.6	33.6	24.1	22.7	53.2	46.8
1963						
10 States <u>1</u> /	18.2	36.2	23.9	21.8	54.3	45.7
38 States	25.0	27.2	24.8	22.9	52.2	47.8
United States	19.7	34.1	24.1	22.0	53.9	46.1
1964 <u>2</u> /						
10 States <u>1</u> /	17.9	35.9	24.2	22.0	53.8	46.2
38 States	24.5	27.1	---	---	51.6	48.4
United States	19.4	33.9	---	---	53.3	46.7

1/ 10 States that report quarterly: Ohio, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, South Dakota, Nebraska, and Kansas.

2/ Computed from June 1 intentions for fall litters.

as a whole because shipments of feeder hogs from other States into the Corn Belt probably were larger this year than last. In this case, U. S. slaughter may drop off sooner than the Corn Belt figures alone indicate.

The smaller December-May pig crop will result in slaughter rates below those of a year earlier sometime during the summer months, and slaughter will remain below for the rest of 1964. The size of the December 1963-May 1964 pig crop and intentions concerning the June-November crop suggest that slaughter rates during most of the remaining months of this year probably will be down 6-8 percent from a year earlier. Prices with this volume of slaughter probably would be moderately above a year earlier.

Slaughter may fall off more than this depending on the extent of producers' decisions this fall to expand sow numbers and increase hog production in 1965. In the fall of 1963, gilts not needed as replacements in the declining

Table 9.--Number of sows farrowing and percentage distribution by months, spring season, United States, 1958 to date

Year	Dec.	Jan.	Feb.	Mar.	Apr.	May	Total
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1958	410	790	1,480	1,869	1,706	1,026	7,281
1959	539	985	1,529	2,048	1,853	1,042	7,996
1960	495	761	1,255	1,710	1,606	963	6,790
1961	506	776	1,247	1,707	1,746	1,047	7,029
1962	494	825	1,268	1,747	1,657	1,032	7,023
1963	562	853	1,166	1,640	1,752	1,072	7,045
1964	534	774	1,031	1,508	1,554	1,033	6,434
Percentage distribution of spring farrowings							
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1958	5.6	10.9	20.3	25.7	23.4	14.1	100.0
1959	6.8	12.3	19.1	25.6	23.2	13.0	100.0
1960	7.3	11.2	18.5	25.2	23.6	14.2	100.0
1961	7.2	11.0	17.8	24.3	24.8	14.9	100.0
1962	7.0	11.7	18.1	24.9	23.6	14.7	100.0
1963	8.0	12.1	16.5	23.3	24.9	15.2	100.0
1964	8.3	12.0	16.0	23.4	24.2	16.1	100.0

Table 10.--Selected prices per 100 pounds of livestock by months, 1963-64

Month	Barrows and gilts at 8 markets 1/		Sows at 8 markets 1/		Choice lambs at Denver		Good ewes at Denver	
	1963	1964	1963	1964	1963	1964	1963	1964
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
January	15.65	14.70	13.37	12.02	19.79	19.12	8.08	7.78
February	15.14	14.70	13.32	12.51	19.00	20.17	7.76	8.12
March	14.07	14.48	12.41	12.63	19.07	21.39	8.33	8.66
April	13.78	14.16	11.97	12.29	19.48	21.37	8.68	7.05
May	15.01	14.84	12.77	12.49	22.29	22.84	5.96	6.27
June	17.01	15.83	13.87	12.85	22.32	23.20	6.92	5.97
July	18.44	2/17.29	14.98	2/13.48	20.72	2/22.68	5.77	2/5.78
August	17.55		15.07		20.44		5.88	
September	15.89		14.22		19.48		5.64	
October	15.47		13.82		19.15		5.70	
November	14.47		12.57		19.33		6.76	
December	14.21		11.28		18.85		7.65	
Average	15.38		13.43		19.99		6.93	

1/ Average for all weights at Midwest markets. 2/ 3-week average.

Compiled from Market News, Livestock Division, AMS.

sow herds were sent to slaughter. This fall, a larger number may be added to breeding herds. Higher hog prices this fall than last would accelerate this development, particularly if corn prices this fall and winter do not differ much from present levels.

Early 1965 Hog Slaughter
Will be Down and Prices Strong

Hog slaughter rates probably will stay below those of a year earlier during the first half of 1965. Hog prices during the first 6 months of 1965 likely will average above those in the first half of this year when barrows and gilts at 8 major markets averaged \$14.78.

SHEEP AND LAMBS

Beginning 1965 Inventory to be
Down Again

The number of sheep and lambs on farms has declined steadily since 1960 and will be down again this year. During each of the past 3 years the inventory has dropped about 5 percent because slaughter rates have been heavy. Also, the number of lambs born in 1962 and 1963 was down close to 5 percent per year. This situation is continuing this year. Commercial slaughter of sheep and lambs is estimated to have been down between 4 and 5 percent in the first half of 1964, and likely will be down about the same percentage in the second half. The 1964 lamb crop is expected to total 18.1 million head or 6 percent less than a year earlier. Allowing for death losses and imports, this would result in a beginning 1965 inventory of 26.5 to 27.0 million head compared with 28.2 million head on January 1, 1964. The percentage decline would be about the same as in the past 3 years (table 11).

A combination of more favorable lamb prices, low cattle prices, and higher wool prices has brought about fresh interest in lambs. However, it would take a strong shift in the thinking of sheepmen before the inventory could even be stabilized this year. Slaughter during the second half of 1964 would have to fall 15 to 20 percent below the same months a year earlier to hold the flock constant at the beginning 1964 level of 28.2 million head. Weekly sheep and lamb slaughter under Federal inspection would have to drop to an average of only about 230,000 head, compared with a weekly average of 276,000 head during the second half of 1963 before numbers would level off.

Good weather conditions in much of the West likely would encourage a further reduction in sheep and lamb slaughter and a smaller cutback in January 1 numbers. On July 1, the average condition of sheep in the 17 Western States was 83. This was 2 points below the same date a year earlier and the 1958-62 average.

The lamb crop was smaller this year than last because the number of ewes 1 year old or older on farms January 1 was down 4 percent. The number of lambs

Table 11.--Balance sheet for sheep and lambs,
United States, 1956 to date

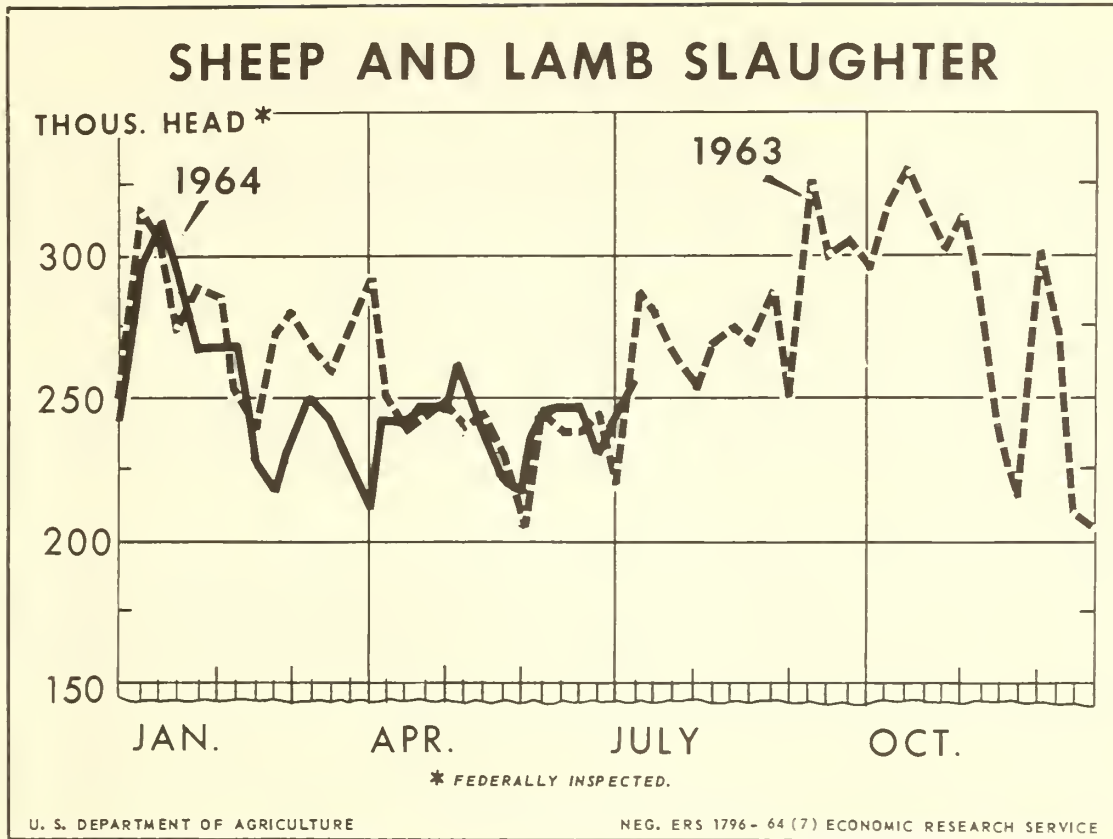
Year	Number on farms Jan. 1	Born during year	Net exports	Slaughter	Deaths	Adjust- ment factor	Number on farms Dec. 31
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1956	31,157	20,336	+57	16,328	4,322	-132	30,654
1957	30,654	19,810	+18	15,292	4,353	416	31,217
1958	31,217	20,686	-22	14,495	4,350	-474	32,606
1959	32,606	21,120	-54	15,528	4,539	-543	33,170
1960	33,170	21,283	-13	16,239	4,611	-649	32,967
1961	<u>1/</u> 32,982	21,271	+27	17,536	4,578	-792	31,320
1962	31,320	20,284	+16	17,171	4,519	-105	29,793
1963	29,793	19,303	+28	16,153	4,335	-429	28,151
1964	28,151	18,111	<u>2/</u> +25	<u>2/</u> 15,500	<u>3/</u> 4,150	---	<u>3/</u> 26.5-27.0
<u>1/</u> Beginning 1961, 50-State total. <u>2/</u> Partly estimated. <u>3/</u> Forecast.							

saved this year per 100 ewes 1 year old or older on farms January 1 was 92 percent, or 2 points below a year earlier. The lamb crop was down 6 percent in the 13 Western sheep States (11 Western, South Dakota and Texas) while in the 35 Native sheep States it was down 7 percent. The 1964 lamb crop was smaller in 38 States, larger in 5 and the same in 5.

Lamb Prices Higher

Prices of Choice slaughter lambs at Denver have averaged above the same months a year earlier since January. Last year, slaughter lamb prices trailed off from a peak of \$22.32 in June to a low of \$18.85 in December and averaged below the same months a year earlier during this period. Prices of cattle and hogs were also low in these months of 1963 and undoubtedly figured in the rather rapid decline in lamb prices during the second half of the year. Reduced slaughter lamb supplies this spring lifted lamb prices to a peak of \$23.20 in June, despite continued heavy beef and pork production.

During the second half of this year, sheep and lamb slaughter is expected to be down about 4 to 5 percent from a year earlier. Lamb prices likely will average a little higher than in July-September and October-December last year when they averaged \$20.21 and \$19.11, respectively. There will be less competition from pork than in the last half of 1963, but supplies of beef will be larger. Sheep skins have been priced higher this spring than in any year since 1956 and they are expected to continue to add support to live lamb prices throughout the rest of the year.



1965 Wool Incentive and Mohair Support Prices the Same as a Year Earlier

The U. S. Department of Agriculture announced on July 2 a shorn wool incentive price of 62 cents per pound and a mohair support price of 72 cents per pound for the 1965 marketing year. This is the same as in the 1964 marketing year.

Shorn wool payments will be equal to a percentage of each producer's cash returns from sales. The percentage will be that required to raise the national average price received by all producers for shorn wool up to the announced incentive prices. Mohair payments will be determined in a similar manner.

Beginning with 1964, the marketing year was changed to a calendar year basis, from an April 1-March 31 year. Thus, the 1963 marketing year was only 9 months long. Payments for the 1964 marketing year under the program will be made in 1965.

* * * * *

Meat Production and Consumption Up Again This Year

Total meat production and per capita consumption are rising again this year. Red meat production likely will go up from 4 to 5 percent and chicken and turkey combined may be up close to 5 percent. Per capita consumption will

rise somewhat less than production because population is increasing an estimated 1.4 percent and imports of beef likely will show a considerable drop.

Beef production during the first half of 1964 was about 12 to 14 percent above the same months a year earlier. It likely will continue larger in the second half of this year, although the rate of increase probably will not be as large.

Per capita beef consumption probably will be 99 to 100 pounds in 1964. This would be more than 5 pounds above 1963.

Veal production has been running about the same as a year earlier thus far in 1964 and no marked change is expected during the rest of the year. Per capita veal consumption likely will not be much different from 1963 when it averaged 4.9 pounds.

First half pork production was up almost 2 percent from the first 6 months of 1963. January-March production was up 5 percent, but April-June likely fell slightly below the same months a year earlier. Pork production in the second half of 1964 is expected to average lower than in 1963 and the largest decrease from a year earlier will occur in the fourth quarter.

Consumption of pork this year will decline about a pound and a half from the 65.5 pounds consumed per person last year. The sharpest cutback from 1963 rates of consumption are expected in October-December although rates for the second and third quarters also will be down.

Production and consumption of lamb and mutton are expected to be down again this year with decreases in the second half about matching those recorded in the first 6 months. Production in January-June was about 5 percent lower than in the same months of 1963. Per capita consumption of lamb and mutton in 1964 probably will be down a little less than a half pound from the 4.9 pounds of last year.

Total red meat production in the first half of 1964 was up between 7 and 8 percent with beef accounting for most of the increase. Second half production is expected to be up only modestly with an increase in beef being partially offset by decreases in pork, lamb, and mutton.

Per capita consumption of red meat in 1964 may be as much as 4 pounds above the average of 169.8 pounds attained last year. However, second half consumption likely will account for only a small part of the gain over a year earlier.

Large chicken and turkey production is in prospect, along with the large supply of red meat. Production of chicken and turkey, combined, may be up as much as 5 percent in 1964 with the largest increases over a year earlier coming in the first and fourth quarter.

Table 12.--Average retail price of meat per pound,
United States, by months, 1959 to date

Pork, retail cuts													
Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
1959	:61.1	58.7	57.5	58.0	58.2	58.5	58.1	56.5	57.2	55.5	53.8	52.2	57.1
1960	:51.9	51.9	53.0	54.8	56.1	57.6	59.1	59.8	58.7	59.1	58.7	59.2	56.7
1961	:59.5	59.7	59.5	59.1	57.9	57.9	59.1	60.1	61.0	60.5	58.4	57.7	59.2
1962	:58.2	58.1	57.4	57.9	57.5	58.0	60.1	61.9	64.6	61.2	59.6	59.1	59.5
1963	:58.7	57.8	56.7	55.1	54.9	56.6	59.0	60.1	59.8	58.1	56.7	56.3	57.5
1964	:56.0	56.3	56.1	55.5	55.3								
Beef, Choice grade													
1959	:82.6	83.3	83.2	83.3	83.7	83.3	83.6	82.0	82.1	82.2	82.3	81.9	82.8
1960	:81.5	81.0	81.2	82.6	82.1	81.5	80.9	80.8	80.0	79.6	79.7	80.5	81.0
1961	:82.1	81.8	81.3	80.6	79.4	77.3	76.3	76.6	77.7	78.1	79.0	79.6	79.2
1962	:80.2	80.8	80.8	81.1	80.7	79.8	80.2	81.6	87.2	85.5	85.6	85.8	82.4
1963	:85.5	84.9	83.1	79.5	79.6	78.1	78.8	81.3	81.0	80.7	80.4	78.9	81.0
1964	:77.8	78.7	77.4	77.4	76.7								
Lamb, Choice grade													
1959	:70.4	68.3	68.3	71.5	73.3	74.5	74.1	75.0	71.7	67.4	67.1	66.6	70.7
1960	:66.9	69.2	70.4	69.2	71.9	73.3	68.9	68.0	70.1	68.8	69.9	69.9	69.7
1961	:68.0	67.9	67.3	64.8	64.0	65.0	64.4	65.0	66.3	64.8	65.3	68.2	65.9
1962	:69.3	67.7	68.7	68.3	68.6	72.5	72.9	72.2	72.8	71.6	72.1	72.0	70.7
1963	:73.1	72.6	71.0	72.6	72.7	73.7	73.5	73.0	72.9	72.5	72.4	70.9	72.6
1964	:73.6	73.6	74.5	74.3	73.3								

Retail Meat Prices

The retail price per pound of beef during the first 5 months of 1964 averaged almost 5 cents below the same months a year earlier. In May (the latest month for which data are available) retail beef prices averaged 76.7 cents per pound, 2.9 cents below May 1963. Retail beef prices are expected to rise a little this summer because of the recent price strength in fed cattle prices. However, they likely will remain below those a year earlier.

Retail pork cuts began the year below 1963 prices, but are currently slightly higher than a year earlier. They likely will average about the same as in 1963 this summer, but then average above as the effect of reduced pork production show up in the level of consumption.

Lamb prices have averaged higher than the same month a year earlier so far this year and are expected to continue to average slightly higher throughout the rest of 1964. In May, the average retail price of lamb was 73.3 cents a pound--about a half cent higher than in the same month of 1963.

Farm Cash Receipts from Meat Animals

Cash receipts from farm marketings of meat animals in 1963 totaled \$11,423 million. This was \$228 million below the record in 1962, but above any year prior to 1962.

Receipts from cattle and calves declined 1.3 percent and hogs dropped 3.7 percent during 1963 because the price received by farmers for cattle and hogs declined more than farm marketings increased. Sheep and lambs showed a 1.6 percent decrease in cash receipts.

Total cash receipts (animals and crops), including Government payments, rose 2.1 percent in 1963. An increase in receipts from poultry and eggs and all crops more than offset decreases in meat animals and dairy products.

Livestock and livestock products, accounted for 51.5 percent of total cash receipts last year and 1963 was the sixth consecutive year that they accounted for a decreasing proportion of total cash receipts. In 1957 they accounted for 56.3 percent of the total.

USDA Beef Purchases Continue Large

The U. S. Department of Agriculture bought 6,634,890 pounds of USDA Choice grade frozen and canned beef in the week ended July 25 for distribution to schools, institutions, and needy families. Frozen beef purchases, consisting of ground beef and boneless roasts for distribution to schools and institutions amounted to 4,158,000 pounds of the total and canned beef purchases for distribution to needy families amounted to 2,476,890 pounds. Deliveries under these programs in June amounted to 3-4 percent of commercial beef production. Effective with offers due July 28, the use of U.S. Cutter grade or higher will be permitted in the preparation of canned beef.

On July 23, total beef purchases, since buying began March 2 amounted to 146,800,000 pounds at a cost of \$84,200,000. Funds for the purchases are provided under Sec. 32, Public Law 320. All products acquired under this program are prepared from animals slaughtered and processed within the United States.

USDA Announces Food for Peace Sales of U. S. Beef

Sale of beef under Public Law 480 to Chile, Israel, and the United Arab Republic (Egypt) is among several actions by the U. S. Department of Agriculture to help utilize plentiful U. S. beef supplies. The agreement with Chile calls for sales of \$2,150,000 (about 6.6 million pounds) in the form of carcasses and/or forequarters, U. S. Standard grade. Sales to Chile will be long-term dollar credit sales under Title IV of P. L. 480. The agreement with Israel provides for sales of about 6.6 million pounds of frozen beef valued at \$2.1 million. About 26.5 million pounds of beef valued at \$11.7 million will go to the United Arab Republic. Sales to Israel and the United Arab Republic will be for payment in currencies of those countries under Title I of P. L. 480. All sales of beef under these agreements will be made by private U. S. traders.

Table 13.--Cash receipts from farm marketings and Government payments,
with percentage distribution, 48 States,
averages 1910-54, annual 1958-63

Year	Livestock and livestock products										Government pay- ments
	Total cash receipts and Govern- ment payments	Total 1/	Meat animals					Dairy products	Poultry and eggs 2/	All crops	
	Total 1/		Cattle and calves	Hogs and lambs	Sheep and lambs	Poultry and eggs 2/					
Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.		
Average:											
1910-14	5,929	2,948	1,688	901	678	109	628	479	2,981	0	
1915-19	10,576	5,072	3,044	1,540	1,343	161	1,050	754	5,504	0	
1920-24	9,801	4,735	2,343	1,120	1,071	152	1,346	912	5,066	0	
1925-29	10,923	5,797	2,889	1,382	1,296	211	1,672	1,092	5,126	0	
1930-34	6,490	3,593	1,615	811	680	124	1,204	687	2,782	115	
1935-39	8,473	4,577	2,197	1,174	856	167	1,409	811	3,417	479	
1940-44	15,711	8,658	4,386	2,102	2,013	271	2,290	1,748	6,385	668	
1945-49	27,282	14,971	7,983	4,436	3,178	369	3,776	2,954	11,857	454	
1950-54	31,299	17,441	9,649	5,771	3,501	377	4,216	3,278	13,595	263	
1958	34,495	19,223	11,047	7,322	3,367	358	4,557	3,353	14,182	1,090	
1959	34,193	18,856	10,952	7,834	2,784	334	4,604	2,982	14,656	681	
1960	34,705	18,909	10,584	7,388	2,869	327	4,740	3,282	15,103	693	
1961	36,407	19,391	10,993	7,555	3,136	302	4,905	3,186	15,532	1,484	
1962	37,813	20,013	11,651	8,177	3,150	324	4,841	3,223	16,064	1,736	
1963	38,611	19,880	11,423	8,070	3,034	319	4,835	3,301	17,045	1,686	
Percentage of total											
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	
Average:											
1910-14	100.0	49.7	28.4	15.2	11.4	1.8	10.6	8.1	50.3	0	
1915-19	100.0	48.0	28.8	14.6	12.7	1.5	9.9	7.1	52.0	0	
1920-24	100.0	48.3	23.9	11.4	10.9	1.6	13.7	9.3	51.7	0	
1925-29	100.0	53.1	26.5	12.7	11.9	1.9	15.3	10.0	46.9	0	
1930-34	100.0	55.3	24.9	12.5	10.5	1.9	18.5	10.6	42.9	1.8	
1935-39	100.0	54.0	25.9	13.8	10.1	2.0	16.6	9.6	40.3	5.7	
1940-44	100.0	55.1	27.9	13.4	12.8	1.7	14.6	11.1	40.6	4.3	
1945-49	100.0	54.9	29.3	16.3	11.6	1.4	13.8	10.8	43.4	1.7	
1950-54	100.0	55.7	30.8	18.4	11.2	1.2	13.5	10.5	43.5	.8	
1958	100.0	55.7	32.0	21.2	9.8	1.0	13.2	9.7	41.1	3.2	
1959	100.0	55.1	32.0	22.9	8.1	1.0	13.5	8.7	42.9	2.0	
1960	100.0	54.5	30.5	21.3	8.3	.9	13.7	9.5	43.5	2.0	
1961	100.0	53.3	30.2	20.8	8.6	.8	13.5	8.8	42.6	4.1	
1962	100.0	52.9	30.8	21.6	8.3	.9	12.8	8.5	42.5	4.6	
1963	100.0	51.5	29.6	20.9	7.9	.8	12.5	8.5	44.1	4.4	

1/ Includes wool, horses, mules, mohair, honey, beeswax, bees, goats, rabbits, and fur animals.

2/ Includes ducks, geese, guineas, pigeons, quail, pheasants and turkey hatching eggs.

RELATION OF HOG SLAUGHTER TO PIG CROPS

by
E. B. Hannawald 1/

During the past 10 years, many changes have taken place in hog production and marketing practices. Hogs and pigs are being grown to market weights at a faster rate, death rates are decreasing, and fewer animals are being slaughtered for farm use. These factors all have an effect on the relation of the pig crop to the number of hogs slaughtered. A larger proportion of a given pig crop is being slaughtered than 10 years ago.

Several factors account for the larger slaughter in relation to the size of the pig crop. Some hogs from a given crop do not reach the slaughter plant. Some die on the farm or on the way to market. Others are kept on the farm to be slaughtered for farm consumption or are kept for farrowing litters the following year. Hogs held for later farrowing do not reach the commercial slaughter plant as gilts. These items of disposition vary from year to year. Thus, they can have a great effect on the relationship between the size of the pig crop and commercial slaughter.

A review has been made of the effect these disposition items have had on the number of hogs that reach the slaughter plant.

Tables 14 and 15 show the number of pigs in each of the December-May and June-November pig crops for the last 10 years. Each pig crop has been adjusted to take into account the number of hogs disposed of by means other than slaughter.

In arriving at these disposition items, several assumptions had to be made since actual estimates are not available.

For deaths, only an annual death loss is available. This loss is based on a survey made at the end of each year which asks producers the number of hogs that died during the year. No information is available on the deaths that occur from each pig crop. To estimate the number of deaths from each crop, the annual death loss has been divided between the December-May and June-November crop on the basis of the percentage that total deaths are of the yearly pig crop. For example, in 1953 the annual death loss of all hogs was 9,340,000 head. This was 12.0 percent of the yearly pig crop of 77,914,000 head. This percentage was then applied to the December-May crop of 49,940,000 head to obtain the 5,753,000 deaths from the December-May crop. This same percentage was applied to the June-November crop of 29,974,000 head to obtain the 3,597,000 deaths from the fall crop. A similar percentage was obtained for each year and applied to both crops to obtain the number of deaths from each crop.

1/ Chief, Livestock and Poultry Statistics Branch, Agricultural Estimates Division, SRS.

Quarterly estimates are available for farm slaughter. These estimates were further divided into monthly estimates by statistical procedures which took into account the seasonal pattern of farm slaughter.

For example, the quarterly percentages of total farm slaughter in 1953 were: First quarter, 36 percent; second quarter, 7 percent; third quarter, 5 percent; and fourth quarter, 52 percent. The percentages by months for January through December were taken as follows: 20, 10, 6, 4, 2, 1, 1, 1, 3, 8, 17, and 27.

It was assumed that hogs slaughtered for farm consumption during July through the following January were from the December-May crop and hogs slaughtered during February through June were from the previous June-November crop. Some sows are slaughtered on the farm, but no information is available on the percentage, and it is believed to be so small that it would have little effect. Each year a number of gilts are kept on the farm for farrowing litters the following year.

In years when the December-May pig crop is larger than in the preceding year, a larger number of gilts was held back from the previous December-May crop. In years when the crop is smaller than in the previous year, fewer gilts were held back for later farrowing. This is also true for the June-November crop.

An adjustment can be made for gilts being held back by using the number of sows slaughtered under Federal inspection. Most sows are slaughtered in plants under Federal inspection. Since no data are available on the number of sows slaughtered in non-federally inspected plants, only slaughter of sows in federally inspected plants was used in these calculations. This adjustment was made as follows using 1962 as an example:

	1,000
	<u>head</u>
Number sows farrowed December-May 1962	7,018
Sows slaughtered under Federal inspection February-August	<u>3,338</u>
Sows remaining from December-May farrowing for farrowing in period	
June-November 1962	3,680
Number sows farrowed June-November 1962	6,165
Sows remaining from December-May farrowings	<u>3,680</u>
Gilts saved from June-November 1961 for farrowing in period	
June-November 1962	2,485
Sows farrowed June-November 1962	6,165
Sows slaughtered under Federal inspection September-January	<u>2,165</u>
Sows remaining from June-November farrowing for farrowing	
December-May 1963	4,000
Number sows farrowed December-May 1963	7,040
Sows remaining from June-November farrowings	<u>4,000</u>
Gilts saved from December-May 1962 pig crop farrowing	
December-May 1963	3,040

The number of barrows and gilts available for slaughter from any given pig crop is the pig crop minus deaths, farm slaughter, and gilts held back for farrowing (see tables 14 and 15). In these tables, one will notice that a greater percentage of the total pig crop in certain years is available for slaughter as barrows and gilts. In 1953 only 67 percent of the pigs farrowed during the December-May period were available for slaughter as barrows and gilts. In 1962, nearly 78 percent of the December-May crop were available for slaughter as barrows and gilts.

The commercial slaughter estimates include all hogs and pigs slaughtered. Therefore, to obtain the number of barrows and gilts slaughtered, the number of sows slaughtered must be deducted from the commercial slaughter estimates.

Over the past 10 years the rate of gain has increased and barrows and gilts are now being marketed at earlier ages and also at lighter weights. In forecasting marketings for a given period, these factors must be given consideration. No detailed studies are available on the age of barrows and gilts marketed, although some fragmentary data are available in certain States. These studies indicate that hogs are now being marketed at from 1 to $1\frac{1}{2}$ months of age earlier than they were 10 years ago. To take this factor into account, a trend line was established as follows:

In 1953, it was assumed that the December-May crop was marketed during the period covering the last half of July through January the following year. It was also assumed that the June-November crop was slaughtered the following February through the first half of July. In 1963, it was assumed that the December-May crop was marketed during the period covering the last half of June through December. The June-November crop was marketed during the period January through a little less than half of June the following year. A straight line trend was drawn from 1953 to 1963 to obtain the marketing periods for the intervening years. One weakness of this assumption is that no account is taken for the early marketing or late marketing of a certain crop. Not all hogs gain at the same rate, and some reach slaughter weights much faster than others. Also, they are not all fed out to the same weights. Also, there is no clear cut division in commercial slaughter data between the December-May crop and the June-November crop. At the end of each season, hogs from both crops reach market at the same time.

Tables 16 and 17 show the number of hogs slaughtered from each crop using the above method of relating a specific crop to a certain period of slaughter.

To obtain a slaughter estimate of barrows and gilts, it is necessary to deduct sows slaughtered. Sows slaughtered under Federal inspection were calculated on the same basis as commercial slaughter. Deducting the slaughter of sows from the total commercial slaughter results in a net slaughter of barrows and gilts. Some sows are slaughtered in non-federally inspected plants, but the number is much smaller than the number slaughtered in federally inspected plants.

Table 14.--December-May pig crop with adjustments for deaths, farm slaughter, and gilts held for breeding, 48 States

Year	December-May pig crop	Hogs and pigs from December- May pig crop that:			Pig crop remaining for slaughter as barrows and gilts	
		Died	Were slaughtered on the farm	Were held for breeding	Number	Percent of December-May crop
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	Percent
1953	47,940	5,753	5,582	4,631	31,974	67
1954	52,852	6,025	5,100	4,985	36,742	70
1955	57,610	6,049	5,644	4,393	41,524	72
1956	53,124	5,206	4,881	4,125	38,912	73
1957	51,263	5,331	4,588	4,023	37,321	73
1958	51,354	5,392	4,395	4,249	37,318	73
1959	56,620	5,888	4,845	3,161	42,726	75
1960	47,282	5,012	3,724	3,360	35,186	74
1961	50,441	4,943	3,401	3,316	38,781	77
1962	49,692	4,870	3,086	3,040	38,696	78
1963	50,304	4,416	2,862	2,826	40,200	80

Table 15.--June-November pig crop with adjustments for deaths, farm slaughter, and gilts held for breeding, 48 States

Year	June-November pig crop	Hogs and pigs from June- November pig crop that:			Pig crop remaining for slaughter as barrows and gilts	
		Died	Were slaughtered on the farm	Were held for breeding	Number	Percent of June-November crop
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	Percent
1953	29,974	3,597	1,534	1,513	23,330	78
1954	33,978	3,873	1,333	1,749	27,023	80
1955	38,119	4,002	1,546	2,045	30,526	80
1956	36,302	3,558	1,395	1,975	29,374	81
1957	36,099	3,754	1,347	2,006	28,992	80
1958	42,179	4,429	1,211	2,069	34,470	82
1959	42,775	4,449	1,316	2,441	34,569	81
1960	41,105	4,357	1,188	2,288	33,272	81
1961	42,594	4,174	1,061	2,485	34,874	82
1962	44,544	4,365	999	2,356	36,824	83
1963	43,621	3,760	907	$\frac{1}{2}$ 2,500	36,454	84

1/ Partly forecast.

The slaughter of barrows and gilts can then be related to the number of pigs left after deducting deaths, farm slaughter, and gilts held for breeding (see tables 16 and 17).

A comparison of these 2 series shows that the slaughter of barrows and gilts is rather close to the pig crop when it is adjusted for deaths, farm slaughter, and gilts held for breeding.

As explained before, some of these differences are due to either early or late marketing of a certain crop.

Normally, 200,000 to 300,000 hogs are slaughtered daily. With this large daily volume of slaughter, a slight change in farmers' plans for marketing can soon make a difference in the relation of marketings to a given pig crop.

Adding the 2 pig crops and 2 periods of marketings into a yearly total brings the slaughter in close relationship with the adjusted pig crop. The slaughter of barrows and gilts as a percent of the adjusted pig crop is within 3 percent or less for each year.

Table 16.--Comparison of net pig crop December-May and slaughter of barrows and gilts, 48 States, 1953-63

Year	Commercial slaughter 1/ head	F.I.S. sows 1/ head	Barrow and gilt slaughter head	Net pig crop head	Slaughter as percent of pig crop Percent
1953	35,100	2,542	32,558	31,974	102
1954	39,355	2,977	36,378	36,742	99
1955	44,946	3,922	41,024	41,524	99
1956	42,107	3,531	38,576	38,912	99
1957	39,975	3,266	36,709	37,321	98
1958	40,071	3,209	36,862	37,318	99
1959	46,068	3,778	42,290	42,726	99
1960	39,911	3,204	36,707	35,186	104
1961	41,460	3,368	38,092	38,781	98
1962	41,978	3,274	38,704	38,696	100
1963	44,479	3,579	40,900	40,200	102

1/ Based on $6\frac{1}{2}$ months slaughter and adjusted for earlier marketing each year.

Table 17.--Comparison of net pig crop June-November and slaughter of barrows and gilts, 48 States, 1953-63

Year	Commercial slaughter 1/	F.I.S. sows 1/	Barrow and gilt slaughter	Net pig crop June-November	Slaughter as percent of pig crop
	1,000 head	1,000 head	1,000 head	1,000 head	Percent
1953	26,561	2,841	23,720	23,330	102
1954	29,911	2,876	27,035	27,023	100
1955	34,793	3,086	31,707	30,526	104
1956	31,831	2,609	29,222	29,374	99
1957	30,381	2,284	28,097	28,992	97
1958	35,800	2,657	33,143	34,470	96
1959	37,249	2,310	34,939	34,569	101
1960	35,675	2,189	33,486	33,272	101
1961	37,165	2,605	34,560	34,874	99
1962	38,505	2,122	36,383	36,824	99
1963	38,417	2,090	36,327	36,454	100

1/ Based on 5½ months slaughter and adjusted for earlier marketings each year.

Table 18.--Comparison of pig crop December-November with slaughter of barrows and gilts 6 to 7 months later

Year	Slaughter barrows and gilts	Net pig crop December-November	Slaughter as a percent of pig crop
	1,000 head	1,000 head	Percent
1953	56,278	55,304	102
1954	63,413	63,765	99
1955	72,731	72,050	101
1956	67,798	68,286	99
1957	64,806	66,313	98
1958	70,005	71,788	98
1959	77,229	77,295	100
1960	70,193	68,458	103
1961	72,652	73,655	99
1962	75,087	75,520	99
1963	77,227	76,654	101

RECENT CHANGES IN HIDE MARKETINGS

by

John W. Thompson
Agricultural Economist, ERS1964 Cattle Slaughter to Surpass 30 Million Head

Cattle slaughter during the first 6 months of 1964 was at a record pace. January-June slaughter, estimated at 15 million head, was approximately 10 percent above a year earlier (table 19). Total cattle slaughter in 1964 is expected to yield about 30.5 million hides. This will be about an 8 percent increase over the 28.1 million hides marketed in 1963. Under ordinary circumstances, finding a ready market for the large increase in hide production would be difficult, but a strong export situation exists.

Hide Exports to Pass 10 Million in 1964

Estimates of cattle hide exports during the first half of 1964 were 5.3 million pieces. This was an increase of 48 percent in hide exports above the first 6 months of 1963. Principle buyers this year have been Japan and Western Europe.

Over the years, Argentina has been our big competitor for the world cattle hide trade. Annual exports from Argentina have been running about 12 million pieces. Argentina cattle slaughter has decreased--apparently due to herd rebuilding. Recent indications are that Argentina hide exports for the year may be around 9.0 million pieces. Lower hide exports from Argentina are expected to continue for the next few years.

If a total cattle slaughter of 30.5 million head is realized this year and domestic hide requirements remain about the same as in previous years, at about 20 million pieces, the remaining 10.5 million hides will find their way into export channels (table 20). Usually U. S. hide exports during the first half of the year are about 40 percent of the yearly total. However, this year first half exports likely will account for a larger percentage of the total. Hide exports were 5.3 million pieces during the first 6 months of 1964 and second half exports are expected to be about 5 million pieces.

Increase in Domestic Shoe Production Expected

Domestic use of cattle hides in leather shoes, accounts for more than 80 percent of all the leather used, has remained at about the same level in 1964 as in 1963. However, trade sources are predicting a stronger market demand for leather shoe production during the second half of the year. Current estimates indicate that leather shoe production will be a little above the 591 million pairs marketed in 1963.

There has been a significant change in the product mix in leather shoe production. The percentage of women's shoes made with leather has been declining by about 0.5 percent a year over the last 4 years, while the

percentage of men's shoes made of leather has been increasing by the same percentage. Women's shoes outsell men's shoes by about 2.5 to 1. However, men's shoes use about 2.5 square feet of leather per pair while women's shoes about 1.5 square feet per pair.

Despite an increasing number of synthetic leather-like materials, there are several favorable aspects in the current domestic leather situation. Sole leather production is up, there is an increase in finished leather exports, and leather shoe imports are off from 1963 rates. Reports from the New York Leather Show indicate an above-average buyer response for leather. Apparently, the new colors and finishes for leather have helped increase buyer response.

Hide Prices

Although leather consumption is currently strong and hide exports are at a record rate, hide prices have not responded appreciably.

Average hide prices during the first half of 1964 were 12.4 cents for light native cow hides, 6.9 cents for country hides (extremes), and 8.6 cents heavy native steers. This was about 2 to 4 cents per pound less than hide prices for the same period in 1963 but higher than hide prices last winter.

Hide prices usually follow a seasonal pattern. Generally, hide prices are highest during the summer months, decline slightly during the third quarter of the year, and reach a low in the winter months. Much of this seasonal fluctuation is the result of hide quality--summer hides being of higher quality than winter hides. Over the last 10 years, prices of light native cow hides have been highest in the second quarter and have fallen by 1/2 cent in the third quarter, and an additional 1 cent in the fourth quarter. Other hide prices have followed approximately the same pattern. The same seasonal pattern is expected to repeat this year. Thus, slightly lower hide prices can be expected near the end of the year.

In past years, the drop in hide prices had little, if any, effect on leather footwear prices. The index of hide and skin prices fell 2 points--from 105 during the first half of 1963 to 103 during the first 6 months 1964. Leather footwear prices have remained constant at 108 during the first 6 months of 1963 and 1964.

Calf slaughter in the first half of 1964 was 3.4 million head, a 1 percent decrease from a year earlier. A decline in calf slaughter has been the trend over the past 10 years. Although calf skin prices have varied widely from time to time, they are expected to remain at about the same price level (36 cents per pound) during the remainder of the year.

Changes in Marketing Hides

The market for fleshed hides has been strong, and several packers and dealers have reported receiving premium prices for fleshed and demanured hides. This was especially true during the spring months when winter hides were being marketed. The use of fleshing and demanuring machines is continuing to increase.

Trade sources indicate several new fleshing operations will be in production this fall.

To reduce labor costs in hide curing operations, the number of hides being cured by the agitated brine method is increasing. Recent laboratory tests indicate no noticable quality differences between agitated brine-cured hides and pack-salted hides if recommended curing procedures are followed.

With large hide supplies, low prices, and a demand for increased uniformity and quality in leather, several new marketing practices are being tried. Some firms are cutting hides in half and shipping hides flat on pallets, while others are shipping bundled hides on pallets. A few firms are experimenting with salting hides on pallets and allowing them to cure during transit to the tannery.

Perhaps the newest development in marketing hides has been cutting hides into component segments such as bends, crops, dossets, or into trapazoid patterns, and marketing the portions separately. While most of these developments are new and no definite pattern or trim has been established, it appears that an increasing number of tanners desire to purchase specific portions of the hide rather than the whole hide.

Over the years, many tanners have expressed a desire to buy hides after they have been unhaired, primarily because the grain surface of the hides can be seen. As of July 1964, 2 firms are marketing "beamhouse" hides, and more operations of this type are anticipated. The location of a "beamhouse", or hide unhairing operations, at the packinghouse level has several economic advantages. Salt curing of hides is not necessary, and transportation costs are less. First reports also indicate there is an improvement in hide quality. Other developments are new types of equipment for converting hide fleshing and trimmings into fat and protein products. In tanning gluteraldehyde has been introduced as a means of improving leather quality.

These many new developments in hide marketing have caused uncertainty in the hide industry as to the best practices to follow. The Economic Research Service has recently instituted a broad research project to study possible changes in hide and leather marketing practices and their effect on hide and leather prices.

Table 19.--Selected hide and leather statistics for January to June 1963 and 1964

Item	Unit	January-June 1963	January-June 1964 ^{1/}	Percentage change
Cattle slaughter total	1,000 head	13,597	15,000	+10
Calf slaughter	1,000 head	3,460	3,450	-1
Leather shoe production	1,000 pairs	297,021	298,154	0
Hide indexes				
Hide prices		105.0	102.8	-2
Leather prices		103.7	99.7	-4
Leather footwear prices		108.2	108.1	0
Hide prices (Chicago)	cents			
Light native cows	per lb.	14.2	12.4	-13
Country hides extremes	"	10.2	6.9	-32
Heavy native steers	"	11.6	8.6	-26
Calf Skins		42.0	36.0	-14
Hide exports	1,000 pieces	3,500	5,300	+51

^{1/} Includes an estimate for June.Table 20.--Total United States cattle slaughter, net hide exports and
apparent domestic consumption of cattle hides, 1955-64

Year	Total cattle slaughter	Net hide exports	Apparent domestic consumption
	<u>Million head</u>	<u>Million hides</u>	<u>Million hides</u>
1955	26.6	5.5	21.1
1956	27.8	5.0	22.8
1957	27.1	6.4	20.7
1958	24.4	5.0	19.4
1959	23.7	3.1	20.6
1960	26.0	6.6	19.4
1961	26.5	7.4	19.1
1962	26.9	6.7	20.2
1963	28.1	8.3	19.8
1964 ^{1/}	30.5	10.5	20.0

^{1/} Forecast.

Supply and distribution of meat, by months, January 1964 to date

Meat and period	Commercially produced								Total 2/		
	Supply				Distribution				Produc- tion	Civilian consumption	
	Produc- tion	Begin- ning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption			Total	Per person 1/
							Total	Per person 1/			
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.	Mil. lb.	Mil. lb.	Lb.
Beef:											
January	1,511	281	131	6	283	33	1,601	8.6	---	---	---
February	1,299	283	78	4	268	36	1,352	7.2	---	---	---
March	1,412	268	105	5	271	43	1,466	7.8	---	---	---
1st quarter	4,222	281	314	15	271	112	4,419	23.6			3/24.1
April	1,514	271	99	7	263	44	1,570	8.4	---	---	---
May	1,509	263	76		272	43			---	---	---
June									---	---	---
2nd quarter											
Veal:											
January	75	13	2	4/	14	3	75	0.4	---	---	---
February	64	14	1	4/	14	3	62	.3	---	---	---
March	68	14	1	4/	13	2	68	.4	---	---	---
1st quarter	207	13	4	4/	13	8	203	1.1			3/1.2
April	67	13	1	4/	13	3	65	.3	---	---	---
May	64	13	2		13	3			---	---	---
June									---	---	---
2nd quarter											
Lamb and mutton:											
January	71	19	17	4/	18	4/	89	0.5	---	---	---
February	55	18	5	4/	18	4/	60	.3	---	---	---
March	59	18	12	4/	18	4/	71	.4	---	---	---
1st quarter	185	19	34	4/	18	4/	220	1.2			3/1.2
April	60	18	6	4/	16	4/	68	.4	---	---	---
May	55	16	6		16	4/			---	---	---
June									---	---	---
2nd quarter											
Pork:											
January	1,161	277	18	30	333	19	1,074	5.7	---	---	---
February	972	333	18	26	382	17	898	4.8	---	---	---
March	1,051	382	22	18	411	18	1,008	5.4	---	---	---
1st quarter	3,184	277	58	74	411	54	2,980	15.9			3/16.7
April	1,072	411	18	19	474	17	991	5.3	---	---	---
May	920	474	19		469	19			---	---	---
June									---	---	---
2nd quarter											
All meat:											
January	2,818	590	168	36	648	55	2,837	15.1	---	---	---
February	2,390	648	102	30	682	56	2,372	12.7	---	---	---
March	2,590	682	140	23	713	63	2,613	13.9	---	---	---
1st quarter	7,798	590	410	89	713	174	7,822	41.7			3/43.2
April	2,713	713	124	26	766	64	2,694	14.3	---	---	---
May	2,548	766	103		770	65			---	---	---
June									---	---	---
2nd quarter											

1/ Derived from estimates by months of population eating out of civilian food supplies.

2/ Includes production and consumption from farm slaughter.

3/ Estimated.

4/ Less than 500,000 pounds

Selected price statistics for meat animals and meat

Item	Unit	1963		1964	
		May	June	April	May
				June	
Cattle and calves					
Beef steers, slaughter	Dollars per				
Chicago, Prime	100 pounds	23.68	23.67	22.16	21.70
Choice	do.	22.61	22.69	21.28	20.52
Good	do.	21.67	21.90	20.53	19.48
Standard	do.	19.36	20.02	18.46	17.52
Utility	do.	17.67	18.56	16.51	15.76
All grades	do.	22.43	22.54	21.03	20.29
Omaha, all grades	do.	21.38	22.54	19.90	19.32
Sioux City, all grades	do.	21.44	21.78	19.88	19.33
Cows, Chicago					
Commercial	do.	16.44	16.17	14.84	14.37
Utility	do.	16.31	16.26	14.84	14.53
Cutter	do.	15.35	15.30	14.07	13.78
Canner	do.	14.18	14.20	12.71	12.62
Vealers, Choice, S. St. Paul	do.	30.24	27.70	26.98	27.18
Stocker and feeder steers, Kansas City 1/	do.	23.50	22.74	20.91	19.24
Price received by farmers					
Beef cattle	do.	19.70	19.70	18.10	17.50
Cows	do.	14.30	14.40	13.40	13.20
Steers and heifers	do.	21.40	21.60	19.70	18.90
Calves	do.	24.70	24.20	22.30	21.20
Hogs					
Barrows and gilts, U. S. No. 1, 2 & 3, Chicago					
200-220 pounds	do.	15.70	17.83	14.90	15.85
220-240 pounds	do.	15.62	17.70	14.63	15.58
240-270 pounds	do.	15.16	17.16	14.04	14.86
All weights	do.	15.20	17.32	14.33	15.06
Barrows and gilts, 8 markets 2/	do.	15.01	17.10	14.16	14.84
Sows, Chicago	do.	12.81	13.91	12.35	12.58
Price received by farmers	do.	14.40	16.10	14.00	14.30
Hog-corn price ratio 3/					
Chicago, barrows and gilts		12.4	13.4	11.6	11.8
Price received by farmers, all hogs		13.1	13.9	12.3	12.3
Sheep and lambs					
Sheep	Dollars per				
Slaughter ewes, Good, Chicago	100 pounds	5.54	5.32	7.90	6.19
Price received by farmers	do.	5.78	5.89	6.13	5.80
Lamb					
Slaughter, Choice, Chicago	do.	23.36	22.78	23.22	24.48
Feeder, Choice, Omaha	do.	---	20.31	---	---
Price received by farmers	do.	19.60	19.90	20.10	20.60
All meat animals					
Index number price received by farmers (1910-14=100)		286	295	268	263
Meat					
Wholesale, Chicago	Dollars per				
Steer beef carcass, Choice, 500-600 pounds	100 pounds	40.00	40.31	37.77	36.22
Lamb carcass, Choice, 45-55 pounds	do.	46.17	49.66	44.52	46.80
Composite hog products:					
Including lard					
71.90 pounds fresh	Dollars	16.11	18.03	15.75	16.17
Average per 100 pounds	do.	22.41	25.08	21.90	22.49
71.01 pounds fresh and cured	do.	20.17	22.37	20.31	20.22
Average per 100 pounds	do.	28.40	31.50	28.60	28.47
Excluding lard					
55.99 pounds fresh and cured	do.	18.50	20.27	18.14	18.04
Average per 100 pounds	do.	32.42	36.20	32.40	32.22
Retail, United States average	Cents				
Beef, Choice grade	per pound	79.6	78.1	77.4	76.7
Pork, retail cuts	do.	54.9	56.6	55.5	55.3
Lamb, Choice grade	do.	72.7	73.7	74.3	73.3
Index number meat prices (BLS)					
Wholesale (1957-59=100)		89.2	92.2	86.6	84.8
Retail (1957-59=100) 4/		98.1	98.6	98.1	97.4

1/ Average all weights and grades.

2/ Chicago, St. Louis N. S. Y., Kansas City, Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis.

3/ Number bushels of corn equivalent in value to 100 pounds of live hogs.

4/ Includes beef and veal, pork, leg of lamb and other meats.

Selected marketing, slaughter and stocks statistics for meat animals and meat

Item	Unit	1963		1964		
		May	June	April	May	June
Meat animal marketings						
Index number (1957-59=100)		111	99	123	110	
Stocker and feeder shipments to						
8 Corn Belt States	1,000					
Cattle and calves	head	390	294	355	322	
Sheep and lambs	do.	211	115	171	215	
Slaughter under Federal inspection						
Number slaughtered						
Cattle	do.	1,875	1,752	2,045	2,070	
Steers	do.	1,155	1,083	1,241	1,327	
Heifers	do.	401	354	428	379	
Cows	do.	300	298	354	341	
Bulls and stags	do.	19	18	22	23	
Calves	do.	330	282	379	321	
Sheep and lambs	do.	1,062	972	1,052	986	
Hogs	do.	5,910	4,880	6,481	5,476	
Percentage sows	Percent	8	12	6	8	
Average live weight per head						
Cattle	Pounds	1,051	1,052	1,066	1,057	
Calves	do.	210	217	192	216	
Sheep and lambs	do.	98	93	103	98	
Hogs	do.	243	246	242	246	
Average production						
Beef, per head	do.	618	617	625	621	
Veal, per head	do.	118	125	109	121	
Lamb and mutton, per head	do.	48	46	50	50	
Pork, per head	do.	144	145	145	146	
Pork, per 100 pounds live weight	do.	60	59	60	59	
Lard, per head	do.	31	32	30	32	
Lard, per 100 pounds live weight	do.	13	13	12	13	
Total production	Million					
Beef	pounds	1,156	1,078	1,274	1,281	
Veal	do.	39	35	41	39	
Lamb and mutton	do.	51	45	54	48	
Pork	do.	853	708	941	798	
Lard	do.	184	155	193	176	
Commercial slaughter <u>1/</u>						
Number slaughtered	1,000					
Cattle	head	2,348	2,198	2,506	2,509	
Calves	do.	502	447	558	486	
Sheep and lambs	do.	1,231	1,136	1,186	1,119	
Hogs	do.	6,894	5,739	7,432	6,347	
Total production	Million					
Beef	pounds	1,404	1,311	1,514	1,509	
Veal	do.	65	61	67	64	
Lamb and mutton	do.	59	53	60	55	
Pork	do.	986	824	1,072	920	
Lard	do.	206	174	213	194	
Cold storage stocks first of month						
Beef	do.	187	185	271	263	
Veal	do.	11	9	13	13	
Lamb and mutton	do.	24	21	18	16	
Pork	do.	374	356	411	474	
Total meat and meat products <u>2/</u>	do.	686	661	810	872	

1/ Federally inspected, and other commercial.2/ Includes stocks of canned meats in cooler in addition to the four meats listed.

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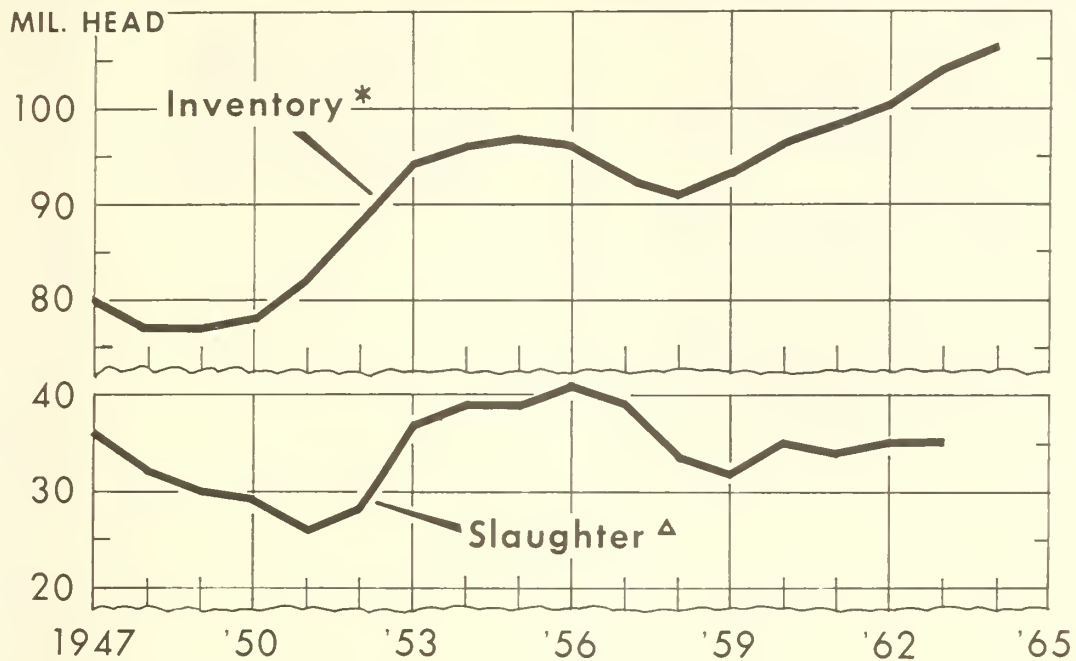
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CATTLE INVENTORY AND SLAUGHTER



* CATTLE AND CALVES ON FARMS.

Δ TOTAL CATTLE AND CALF SLAUGHTER.

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